

DEMOCRATIC SWEDEN

DEMOCRATIC SWEDEN

A Volume of Studies prepared by
Members of the New Fabian
Research Bureau

Edited by

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and

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P R E F A C E

IN the past two or three years, particularly since the Swedish Social Democratic Party received a renewed vote of confidence at the elections of 1936, there has been in this country a growing interest—by no means confined to the Labour Party—in a people who appeared unostentatiously to have rid themselves of many of the evils which have racked their more powerful neighbours. In Sweden, it appeared, democracy was continuing to work and assuring to the people a steadily improving standard of life. Some sought to draw from the Swedish experience guiding principles for the British parties of the Left; while others held that the differences between British and Swedish conditions made all such comparisons futile. This discussion was, however, marked by a lack of definite information not only about the achievements and character of Swedish social democracy, but about the whole background of Swedish politics. It was to make such information available that the New Fabian Research Bureau in the summer of 1937 organized a party of its members to study Swedish conditions on the spot. This book arose from that expedition and is designed to present its results.

A number of members of the Bureau whose names do not appear at the heads of chapters did valuable work as collaborators in collecting and preparing the material on which the text of the book is based. The Bureau wishes to thank Miss N. Baldock, Miss Joan Gracey, David Tyler and Miss Anne Harrison who collected and prepared some of the material on Government and Politics; Nicholas Gillett, Roy Parsons, J. S. Scott, A. M. F. Palmer, H. E. Wadsworth, E. Busvine and Kenneth Prebble who gave help with the chapters on Industry, Finance and Distribution; Miss B. Parker, Mrs. M. Manus and Frank Parker who gave help with the chapters on Social Services and on Education, and to

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In addition the whole party owes a debt of gratitude to the innumerable government, trade union and political officials whom they interviewed in Sweden; everywhere we were welcomed as friends rather than as investigators and found those whom we met willing to give us all the information we needed. In particular we must single out Eric von Post and Björn Bratt (both of the Press Department of the Foreign Office), and Oscar Thorsing of the Swedish Legation in London who, by providing us with introductions and making arrangements for us, made our task much easier; Captain Pontus Cronstrand of the City of Stockholm; the leaders of the Social Democratic Party, including Per Albin Hansson, the Prime Minister, E. J. Wigforss, Minister of Finance, Rickard Sandler, the Foreign Secretary, Gustaf Möller, Minister for Social Affairs, and Arthur Engberg, Minister for Public Worship and Education; Walter Åman, Secretary of the Trade Union Centre; Professor Gunnar Myrdal of the University of Stockholm, and Mrs. Myrdal.

For the section on Government and Politics, the authors wish in addition to express their thanks to Professor Herbert Tingsten of the University of Uppsala; Professor Gösta Bagge, leader of the Conservative Party; Gustaf Andersson i Rasjön of the People's Party; Axel Pehrsson-Bramstorp of the Farmer's Party; J. L. Landen of the Socialist Party; Gustaf Johansson of the Communist Party; Professor Nils Herlitz of the University of Stockholm; Ivar Pauli, editor of the *Social Demokraten*; Harry Rooth and Adolf Croneborg, both members of the Civil Service; Anders Nilsson and Gunnar Lundberg of the Social Democratic Party; Carl Erik Törngren and Erik Humble of the Association of Municipal Corporations of Sweden; Lieutenant Schwarts, chairman of the Linköping Finance Committee; Mayor Karl Olsson of Mjölby; Per Johan Swartling and Kapten Einar Enander of Jönköping; Nils Hörstadius of Borås; Nils Wahlgren of Uppsala; Rådman Yngve Bjerström Gevle, and Bertil Hagvik, Secretary of the Chamber of Commerce of Gävle; Herr Wallström of Sandviken; Doctor Fritz Kaijser, chairman of the Town Council of Härnösand;

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DEMOCRATIC SWEDEN

INTRODUCTION

By MARGARET COLE

As the Preface points out, the purpose of the expedition whose results are described in the following chapters was to gather and present to the members of the British Labour Movement and others who might be interested a study of the facts, as far as they could be discovered in a short visit combined with fairly extensive work upon Swedish documents, about the social, economic, and political life of Sweden. Its purpose was not to draw morals, except in so far as the morals drew themselves from the facts when they appeared; and any conclusions set out in these pages are—as is the invariable rule in the New Fabian Research Bureau—the individual judgments of the contributors themselves. Some contributors, it will be seen, are definite in their conclusions, while others have preferred to describe and let the facts speak for themselves. But, whether this band of writers draws conclusions or not, it is inevitable, in the present situation of British democracy and British Socialism, that conclusions will be drawn and morals pointed. It therefore seems advisable in this introduction to point out one or two of the underlying facts about Swedish life which, partly because their influence is so wide and general, have not fallen within the scope of any single chapter.

Sweden, in common with other Scandinavian countries, has undergone a very considerable change of character during its history. It has developed from a past of adventure, freebooting, and piracy to a present of pacifism, high literacy, and liberal institutions. It might be interesting to speculate on what would have happened if this had not been the case, if Charles XII, for instance, had won the battle of Poltava; but it would not be very fruitful. For the thing was done; for better or worse, Sweden, like Norway and Denmark, definitely put its past behind it and became a respectable bourgeois country.

This has one, at any rate, very marked result, in that the Swedes are far less dominated by their own national history than most of the other countries of Europe. They are not perpetually mourning their lost glories or spinning fantastic dreams of reviving them like some of the peoples of Eastern and Central Europe; they do not celebrate elaborate festivals with ceremonies going back a thousand years, like the British coronation; and the Swedish royal family does not appear, at least, to be yearning to revive the laurels of the first Bernadotte.

Sweden, further, is a country outside the main stream of European life and of European politics. One may express that picturesquely by saying that Sweden tempts no world-conqueror for any but its own sake; it is on the way to nowhere: or that few learn Swedish unless they are going to stay in Sweden. But, however it is put, the result is that, except in so far as their economy depends upon world trade—an important exception, of course—the Swedes are able to direct their home policy as they wish. Again, Sweden is a country of very small population in comparison with its area; it has an easy climate and enough natural resources to build up, under ordinary circumstances, a very decent standard of living; it “commenced industrialist” late in the day, well after it had become a bourgeois State and not before; and its industry—partly owing to the absence of coal-fields and partly to the wide diffusion of the timber-trade—is scattered all over the country and not crammed into a single area or groups of areas. It has hardly any large towns, and no monstrous deserts of brick like London or the Manchester-Salford aggregations; no Swede need live cooped up in a city. Finally, it contains a large *educated* population living off the land, and practically no minorities, either religious or racial. The Swedes have a national Church, but it is a very different social proposition from the Church of England. It is far more like the Kirk of Scotland. All these points, in which Swedish conditions differ radically from those of Great Britain, must be kept continually in mind by anyone anxious to make any general evaluation.

Practically all the members of our party during their stay were struck by three things: the amount of free discussion, the comparative simplicity of living, and the absence of ceremonial fuss—which is not quite the same thing. The amount of free

discussion, and of securing a consensus of opinion before action is taken, which is of course the first essential of democracy, is very marked indeed; it can be seen throughout Swedish political life, particularly in rural areas. Perhaps its most significant example is the instance, quoted in John Parker's chapter, of the Conservative Party leader who maintained that the present absolute majority of the Government in the Lower House made Sweden practically a Fascist State, since the Government would no longer be forced to agree its measures with parties outside it. It seems that the British two-party system would be regarded as highly undemocratic in Sweden.

As regards the absence of fuss, the best example I can give is from my own experience, when my husband and I, wishing to make an appointment with the Prime Minister, were told to present ourselves at the Chancellery at six o'clock, where the Prime Minister would meet us as the caretaker would have gone home. Which we duly did, and did in fact find the Prime Minister and the Foreign Secretary standing on the steps awaiting us: we entered, and during the course of the interview asked some questions to which only the Minister of Finance knew the answers. The Prime Minister telephoned the Finance Ministry, and the telephone was answered personally by Mr. Wigforss, who promptly agreed to come over to our hotel and allow himself to be cross-questioned. It was impossible to avoid making comparisons with Downing Street ritual; there are many private and comparatively undistinguished persons in Britain who are more difficult to approach than the Prime Minister of Sweden. (Incidentally, and as a purely personal impression, it struck me that Per Albin Hansson might, if one were making comparisons, be not unjustly called the Mr. Baldwin of Sweden—but with how great a difference.)

It will be said that in a small country with a small population it is easier to dispense with Ministerial ceremony and a guard of doorkeepers and secretaries. So it is, but it does not in the least follow that a small country will dispense with them. Some of the tiniest States have been, and still are, bound stiff with ceremonial and red tape; and the absence of fuss in Sweden is not confined to the Ministry or to the royal family. In University life, for example, there appears to be a singular informality and lack of restrictions.

This state of things is, obviously, so far as it goes, democratic. And I should say that it could not have been produced without some basic equality in education, which is why, in my own chapter, I have stressed the importance of the single system of primary education. When there are not, as in England there still are, two educational systems, one labelled in origin "no expense spared" and the other "cheap and nasty," when practically the whole of the population goes to school together during its early years, you get a basis for democratic discussion which you cannot get on any other terms. Particularly when, as in Sweden, this education is not haphazard, but directed by the State according to a uniform plan imposed upon a population which, having no minorities, is naturally homogeneous in outlook. Opinion in Sweden seems to be remarkably homogeneous—this fact is explored from a different angle with a rather different conclusion in R. W. Postgate's chapter on Press and Radio; and if some feel that the result of this is to miss the heights of achievement of art and literature, one must point on the other hand to remarkable efforts in the things of everyday life, in wood and glass work, to take two fairly obvious examples, and in the building of village schools. It seems also possible that this homogeneity is partly responsible for the ease with which Socialist and co-operative enterprise has been able to compete with private enterprise in Sweden. The "socialized sector" put forward as an idea by M. de Man in Belgium is a fact in Sweden.¹ It is fully described in R. W. B. Clarke's chapter on Industry (though it is not confined to industry); and although the comparatively feeble resistance of Swedish capitalism has certainly many other causes, the homogeneity of outlook and of early education may have contributed to the ease of experimentation.

But clearly homogeneity of primary education would not suffice either to satisfy any Socialist or to produce a democratic country. The American public-school system has not notably succeeded in filing the teeth and claws of American capitalism. More equality than that is needed to make democracy real—both equality of opportunity and equality of

¹ A different form of Socialist competition with private enterprise, but undertaken in pursuance of an idea and not as a business experiment, is to be found in the history of the U.S.S.R. See the Webbs' *Soviet Communism* for details.

economic conditions. Sweden is far from being an equalitarian community. There is, I should say, in theory a pretty absolute equality of opportunity; there are no legal and traditional bars, and no theoretical reason why a poor labourer's son should not go to a University and attain the highest positions in the State. But in practice few of him do, because the training is expensive (even if less so than here) and the money is not available. His opportunity is restricted by the economic facts. His sister's opportunity has been even more so, since it is only comparatively recently that the Swedish State has concerned itself to provide secondary education for its girls. This may be in part the reason why, although there is no legal bar to the employment of women in "superior posts" in Sweden, not many women appear to have attained them—certainly fewer than in this country. Sweden was also late among the Scandinavian countries in giving its women the vote. But the economic bar is undoubtedly the principal one; Sweden is certainly not a classless State.

But, equally certainly, it is not a *class-ridden* State in anything like the sense in which Great Britain is; and, apart from the question of education, the reason, I think, lies in the almost complete absence of vast differences in income levels. G. R. Mitchison's chapter on Wages and the Cost of Living gives some detailed figures of the earnings of various classes in Sweden as compared with those of their opposite numbers in Great Britain, which support a general impression that whereas over the greater part of the population the standard of living does not vary very greatly as between the two countries, Sweden lacks both of our extremes—the black, helpless poverty of the depressed areas and the staggering superfluity which is flaunted in London shops and coldly exposed in the returns of death duties. In other matters than that of income purely, the same effect can be noticed; in education and in public health, for example, Swedish provision does not seem to equal the best that Great Britain can do, while being incomparably better than the conditions which Great Britain still allows to survive.

It would seem, then, that there is in Sweden little deep poverty and little huge wealth. The former fact is important in itself to more people, because more people are likely to be poor than are likely to be rich; but the latter is of very great

importance for the future of the country. For not only does the existence of many enormous or very large incomes set a standard of lavish and ridiculous expenditure—"conspicuous waste" as Thorstein Veblen called it—which is ever present as a goal to the eyes of those beneath them and so promotes snobbery; enormous incomes also confer power on their owners—power over the lives and fortunes of others which they will be exceedingly unwilling to see taken from them. Swedish capitalists have had to stand on their own legs in any dispute with the Swedish State; they have not been able to call in the aid of capital invested abroad or of foreign concessionaires to defend them; and the Swedish Popular Front—for the present Government is in effect a Popular Front, although it does not bear the name—has not had to face the kind of opposition which to preserve its own position and its own selfish extra-national interests is ready to tear its own country to pieces.

Very different is the position here. Great Britain is an Imperial Power, and the British capitalist draws his immense tribute from all over the world, from areas far beyond even those over which the Union Jack flies. It is the Empire which is largely responsible for these huge differences of wealth, and which has created a possessing class so strong, so firmly entrenched and so rich in means of defence that all our attempts to even up differences or to approach the keys of power have met with all but absolute failure. The Swedes have no Empire, and no ramifications of overseas interests which will not bear the light of day; if a Swede is asked to take part in "national defence" he knows fairly well what he is being asked to defend—the soil of Sweden and the livelihood of its people, not the fantastic interests of an exploiting company in Africa or the South Seas, or of a group of financiers manipulating currencies.

Fortunate in many ways, and particularly today, are the peoples who have no Empire. Sweden has been fortunate, too, in other respects. As the chapters on Foreign Trade and Foreign Policy show, the Swedish economy, on the one hand, was able to survive the slump remarkably well, when Great Britain, by leading the way off the gold standard, had tempered the wind of the currency blizzard to those countries which followed suit; while on the other, since Sweden cannot hope to influence world-power-politics, the line of its foreign policy

—to support a collective organization when there is one, and to remain as neutral as possible when there is not—is so clear and obvious that it can hardly give rise to deep differences of opinion. Finally, Sweden escaped the European War, with the result that not only was its economic and social structure spared a violent strain, but the war generation, to which many of the present rulers belong, did not suffer the loss or mutilation of its finest specimens. The Swedes' own efforts have been excellently well seconded by world events, and in this their country is fortunate.

Whether a fortunate country will also become a Socialist country remains to be seen; it is clear from the essays in this book that it is not Socialist at present, though it has socialized sectors; and opinions differ on whether it is going to become more so. There is, at present, no powerful impulse of revolutionary discontent to drive the Government on and speed up the pace; on the other hand, an accession of strength to the Social Democrats seems to be expected by everyone, and there is this to be said, that, owing to the nature of Swedish capitalism, if they do decide to proceed further with socialistic policies there is little to stop them. There is no class or financial domination to be broken, and no rich interests vested firmly in the prevalence of poverty, ignorance, and crime.

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PART ONE
GOVERNMENT AND POLITICS

I. CONSTITUTION

By H. R. G. GREAVES AND C. P. MAYHEW

SWEDEN'S Constitution, little known or studied outside Sweden, is individual and interesting in several ways. It cannot easily be placed in any single category. Although a written Constitution, with its principal document dating from 1809, it has been so modified by custom as well as by statutory change that the original form offers little guidance to the present reality. It is a rigid Constitution in that a special process is required for its amendment, but that process is sufficiently easy for the Constitution to be actually flexible. No revolutionary change has taken place in this period; so, although it would be hard to recognize the working system from a study of its basic law, development shows marked continuity, and always in the same democratic direction. The Swedish Cabinet does not exercise as much control over the Riksdag as does the British Cabinet over Parliament. On the other hand, it is not as frequently overthrown by parliamentary action as the French, and this was true even when it lacked any clearly defined majority. It does not enjoy the almost dictatorial power of a British Conservative Government with the Lords in its pocket and a subservient Commons, but nevertheless it is stable and respected. Although the principle of the separation of powers still plays its part in the relative independence of the Riksdag and the complete independence of the judiciary, and is therefore more definite a part of the Swedish than of the French Constitution, it is far less marked or stultifying than in that of the United States. There is, however, a tradition of active legislative responsibility in the committees of the Riksdag. Minority Governments have often been content to restrict themselves to the supervision of administration, and to leave the initiation and control of legislative change to these committees. That tradition of what is almost congressional government on the

American pattern affects in some degree even the majority Government of to-day.

THE GROWTH OF PARLIAMENTARY GOVERNMENT

Parliamentary government on a democratic basis is a very recent growth in Sweden. Compared with England, it has been later but more rapid and more complete. In the middle of the nineteenth century the propertied classes still enjoyed the privilege of special representation in a Parliament that consisted of four estates. At the beginning of the twentieth century less than a third of the adult male population was entitled to vote, and the electoral system was one of the least democratic in Europe.

The first attempts at reform were naturally in the direction of ending the privileged position of the nobles, clergy, burghers, and richer farmers with their separate Chambers of the Riksdag. Between 1809 and 1865 fifty different efforts failed. It was not until 1866 that Louis de Geer established the present bicameral system. In setting up a Senate no attempt was made to imitate the hereditary principle of the British House of Lords. The policy followed was more like that adopted a few years later by the French Republic, and it was influenced to some extent by the American example. But the propertied classes were given full compensation for their abandonment of one special position by their establishment in another. Votes were weighted according to wealth, and a rich elector could outvote hundreds of poorer ones. Property was thus ensured control of the Upper Chamber in the same way as in England, if under a more apparently democratic form.

The second period of change was between 1905 and 1919. A popular movement in favour of universal suffrage spread rapidly towards the end of the nineteenth century. The Socialist Party, founded in 1889, saw in it the means of a peaceful achievement of its programme; and after the election of its first member, and future leader, Branting, in 1896 the demand increased in strength within the Riksdag itself. A Liberal Party was formed in 1900 with extension of the suffrage as a chief plank in its platform. Between 1902 and 1914 it had more than two-fifths of the membership of the Lower Chamber. It was led by Staaf, who was imbued with the ideas of English

parliamentarism and worked consistently to get them applied. It united with the Socialists for this purpose, and was backed up by big popular demonstrations and a general strike.

The Conservative elements opposed this popular movement, however, and were able to rely on their entrenched position in the Upper Chamber, as well as on the support of the King. Staaf's proposals for electoral reform, carried by the Lower Chamber under his premiership, were defeated in 1906 by the Senate. The King refused his demand for a dissolution, and the Conservative leader, Lindman, formed a new Government. By now, however, the need for an extension of the suffrage was so generally recognized that new measures had to be put forward. All men of 24 years and upwards who had paid taxes were given the vote for the Lower Chamber, and the number of votes which any one citizen could exercise in the elections to the Senate was reduced to forty. But in order to avoid complete extinction in the Lower Chamber the Conservatives introduced a system of proportional representation, which has remained in force ever since.

During the succeeding years the differences between Left and Right became still more marked. As a result of the increased Liberal vote at the elections of 1911 Staaf was again invited to form a Government, but despite the fact that after a dissolution the Left had obtained a majority not only in the Lower Chamber, but also in the joint membership of the two Chambers, and despite popular demonstrations against the Conservative demands for an extension of national defence, the King made a public statement identifying himself with the Conservative attitude, and the Ministry resigned.

The constitutional issue arose again in 1917 when in the elections of that year both Liberals and Socialists placed the complete democratization of the State in the forefront of their programmes. They demanded the suppression of plural voting, votes for women, and the general application of the principles of parliamentary government. In consequence of their success it may fairly be said that Sweden became for the first time effectively a parliamentary State. A coalition Ministry under the new Liberal leader, Eden, and enjoying a majority in the Riksdag as a whole as well as in the Lower Chamber, proceeded to carry out its declared programme. But again it was defeated

by the Senate, and not until after popular demonstrations and the victory of the Allies had given new confidence to the believers in democracy was it able to amend the Constitution. This was done in the successive sessions of 1919 and 1920, an election intervening. Plural voting for the Upper Chamber was abolished. Women were given the vote. The tax provision for voting was removed. And the age for electing the Senate was reduced to 27, and for the Lower Chamber to 23.

There have been subsequent changes along the same lines, but the chief importance of the victory of democratic principles over these years lies in two results. The first is the general and public acceptance of the parliamentary system of government in its broad outlines; the second, that the final defeat of the Conservative elements who claimed special privileges for the owners of property has removed the constitutional obstacles in the way of a Socialist Government which, having a majority behind it, wishes to carry its programme into effect.

THE KING

Constitutional monarchy in Sweden is at bottom much like that of England, but in many of its features it shows instructive contrast. As might be expected from the later development of parliamentarism, the King's position is less crystallized, and it is even less easy to say what his actual powers are.

Legally there is no difficulty. The Constitution of 1810 formally determines the King's authority. The Succession Act of the same year provides for male inheritance in the Bernadotte family and for election of a new Sovereign by the Riksdag should that family die out. Both documents are only alterable by the special process of constitutional amendment. The King makes political and administrative appointments, and although the date and minimum session of Parliament are statutorily controlled he has the power of dissolution. Ministers are criminally responsible for those of his acts which legally they must countersign, and they may be impeached; but their political responsibility is a matter of convention which is perhaps less clearly understood.

Nor can there be any doubt that the social foundations of the Swedish monarchy are very much more democratic than those of its British counterpart. Wealth is less and is more

evenly divided in Sweden. There has been no House of Nobles for over seventy years. No longer are hereditary peerages created, and titles have no political and little social significance. The Court itself has consequently been largely democratized, and in any case it is small and unimportant, without anything of the expensive pomp and aristocratic exclusiveness of St. James's. The royal family is not exceptionally rich; nor is it cut off from the rest of the community. Nothing is thought of the fact that the King's brother goes to an office every day, or that the King himself was a fellow-student at the University with Branting, the Labour leader.

The cost to the State of this royal family is, moreover, remarkably modest when compared with others. At about £40,000 a year its income is less than one-fifteenth part of the British. And this, of course, is reflected in its social habits. It is not surprising that the parties of the Left, although they are theoretically committed to republicanism, should have ceased to make attacks on the monarchy, regarding the King as cheaper than a president.

This humbler way of life means in addition that there is not that film-star adulation of royalty, or that spirit of flunkeyism when even in remotest contact with it, that is so curious a feature of modern industrial England. The Press is perhaps partly responsible too, for there is not the same organized publicity. But undoubtedly the chief cause is the more democratic spirit of Swedish society and the absence of those widening circles that centre around the Court and hereditary titles and no doubt see, whether consciously or unconsciously, in this popular idealization of an hereditary prince a means of strengthening the established order. The fact that this vulgar glorification for special ends does not take place largely explains the lack of any interest in republicanism. At the same time it must be remembered that there is not that close association of the monarchy with the parade-ground and the armed forces generally which is to be found elsewhere. Certainly the resulting situation is one of a dignified relationship between prince and people.

Nor is it unreasonable to ask why there is no republican movement in Sweden. The King has until recently exercised powers of considerable importance. That he has done so with

skill and moderation is attested by the tributes paid to him by the Left as well as by the Right. While, for instance, he was responsible for the fall of a Liberal Government and its replacement by a Conservative one in 1914, he had refused in 1909 to allow his name to be used by the employers against labour in the general strike of that year. But skill and moderation are attributes of the person and not of the office, and some Social Democrats admit that they may have to "deal with" a new occupant of the throne. They are confident that they can do so. Their confidence is based on the steady growth they have seen in their popular support, on their strong parliamentary position, on the absence of a "King's public," and on the increasing acceptance of the principles of parliamentarism throughout the country in the last twenty years. Of course no one, and not least a constitutional monarch, can cope with a Government that has a strong parliamentary and popular majority. But it should not be forgotten that such majorities are seldom long-lived. While there is no House of Lords that can only be overcome in an emergency by the King's intervention, and while therefore the Sovereign's attitude at such a moment may be less important than in England, the Swedish Upper Chamber is still some way from reflecting the same Left majority as the Lower; and, secondly, there is what many regard as the much greater instability of a Government majority which relies on a system of proportional representation, with its encouragement to fractional parties, an encouragement that is noticeable in Sweden as elsewhere. What happened to the strong Liberal Party, which has now vanished into a number of fractions, is not incapable of happening to the Social Democrats, although at present this does not seem likely.

For it is precisely at such moments of Government crisis as these that the King's power becomes most important, although these do not exhaust it. The first and most obvious example of it is the choice of a Prime Minister. Here the remarkable growth in the Social Democratic membership of the Riksdag has recently left the King no option. As long as the strength of that position continues there is no difficulty. The recency of a precedent for the King's even going outside Parliament for his Ministry cannot, however, be overlooked. In February 1914 he brought about the resignation of the Liberal Govern-

ment, formed a Ministry of "experts" of Conservative tendency, and dissolved the Lower Chamber. Elections resulted in a few Conservative gains but nothing like a majority. The war, it is true, strengthened the Government's position by causing a few Liberals to support it on the defence issue. In connection with this precedent there are three facts to notice. Thus, the Hammarskjöld Ministry remained in office for three years until the Left finally revolted and refused it supplies. Secondly, the King's active intervention was in pursuit of an undoubted constitutional right, which has often been exercised in the previous fifty years and has not been subsequently removed, to a policy of his own, and it was in line with the Conservatives' claim that matters of foreign policy and national defence were especially the province of the King. But, finally, it must be remembered, on the other hand, that the election which followed was fought largely on the constitutional issue of parliamentary government, and was won by the Left. The Social Democrats believe today that the parliamentary principle has been vindicated. There has perhaps been a psychological change. The necessity for choosing a Prime Minister able to collaborate with the Riksdag is more widely recognized. Nevertheless, the decade following this vindication of parliamentarism saw one Ministry of Civil Servants, the de Geer-Sydow Government, and also the Ekman Ministry which enjoyed the continuing support of only about 65 out of the 380 members of the Riksdag and yet survived for three years. Thus it is clear that the principle of the need for a relation between the dominant party and the Government, a rule asserted nearly a century ago by the Prince Consort in this country, does not seem yet altogether certain in its operation.

There are other powers exercised in the past by the King of Sweden: the choice of Ministers other than the Prime Minister, the granting or refusal of a dissolution, the rejection of advice, the public adoption of an attitude on a current political problem. Upon all these it would be possible to make similar observations if space allowed, but the net effect would be merely to elaborate and not to change the description already given.

THE CABINET

All Ministers are members of the Cabinet of twelve. Nine of them are in charge of departments (Foreign Affairs, Justice, Defence, Interior, Communications, Finance, Public Worship and Education, Agriculture and, lastly, Commerce). The importance of the Prime Minister, to whom the choice of Ministers has now passed, depends very much upon his personality. Branting and Hansson have made the office more important; but still the Prime Minister probably enjoys less predominance in the Cabinet than does his English counterpart, for Ministers are less numerous in Sweden and therefore individually more influential.

The control of the Cabinet over administration is limited. The independence of the administration is regarded as a constitutional safeguard. To avoid the "spoils system" the right to dismiss officials is considerably restricted (the chief result of this at present is to slow down the democratization of the administration). Secondly, much of the work of the departments has devolved upon administrative boards working independently outside the day-to-day control of the Minister. The Minister for Social Affairs, for example, has little control over the Poor Law Administration Board. On the other hand, in the Foreign Office there are no legal limitations on dismissal and organization is more centralized than in other offices.

There was an attempt after the war to institute non-permanent heads of departments to provide a politically sympathetic link between the Minister and the department. But the reform meant little, non-permanent secretaries tending to become permanent, and its failure reflects the loyalty of the Civil Service. This loyalty is all the more important and noteworthy in view of the most curious feature of the Civil Servant's independence. He can be not only an official but also an active politician. In 1930 nearly one-third of the Upper Chamber and one-tenth of the Lower were holders of Government offices. In spite of this freedom so actively used and this security against dismissal there are no complaints of disloyalty. The contrary seems true. The Prime Minister, for instance, has described how when he was Minister of Defence he worked

with a Civil Servant for two years without knowing that he was an active Conservative.

Until the present exceptionally strong Government there was much criticism of the weakness of Ministries, of which there had been a succession of eleven since the war. Partly this was the outcome of the group system in Swedish politics, which meant that, as in other continental countries, the Ministry had to depend not on a disciplined party but on a heterogeneous majority made up of a number of political groups. Partly the weakness of the Ministers in relation to the administration was the cause. But this weakness was intensified by the comparative laxity of party discipline, the procedure of the Riksdag, which is particularly careful of the rights of minorities and of private members, and the fact that under the system of proportional representation a dissolution was unlikely to produce any serious change in the composition of the Riksdag. Today, however, the complaint most frequent is the claim of the Opposition that the Government is too strong. The Socialists reply that the strength of the Government is due to its overwhelming popular backing and not to anything undemocratic in its nature or conduct. Because of the weakness and disunity of the Opposition it seems that the only alternative to government by the Social Democrats is a return to the old succession of weak Ministries.

The principal change which appears to be taking place is that party discipline is growing stricter in the Riksdag. All parties except the extreme Left are anxious to show that there is less discipline with them than with the other parties, for the old liberal tradition of every man speaking his own mind dies hard. It seems probable that the Social Democratic Party has set the pace and forced the other parties to imitate them in self-defence. With the present large majority the Government's supporters are showing signs of independence. A radio discussion was recently held in which the Minister of Finance defended his scheme for family allowances against a well-known member of his own party in the Upper Chamber. Although discipline is less strict than in England, especially in small matters, the tendency is to tighten it up. The party generally pays the election expenses of its members; but this considerable sanction is offset by the practical certainty of re-

election under the proportional system which enables members to face a general election with some confidence. In fact, only radical changes in the political structure and in the procedure of the Riksdag could put the Swedish Cabinet in a position as strong as the British.

THE LEGISLATURE

The two Chambers of the Riksdag have equal authority. The Government normally regards itself as requiring the support of a majority in each, but there are two facts which modify this equality. The Senate, or Upper Chamber, is democratic, being elected proportionally as is the Lower Chamber; but, like its French counterpart, it is indirectly elected. Secondly, in cases of conflict, when these relate to finance, the two Chambers sit and vote as one body, and as the Upper Chamber is considerably smaller than the Lower its political importance is correspondingly less. This means, moreover, that in the last resort the Government may be contented to regard itself as responsible to what in fact amounts to a single Chamber, the two legislative bodies sitting as one.

The Upper Chamber is steadily becoming more democratic in constitution and personnel. Swedish democrats were at the beginning of the century faced with the alternative of attempting to democratize the Upper House or of allowing its powers, while formally intact, to degenerate like those of the British House of Lords. The former course was chosen. There is still an age limit of 35 for members, the term of office is for eight years, and its 150 members are indirectly elected by county and municipal councils. Recently, however, the large property qualification for membership was abolished and the age limit for voters for the Landsting which elect the Upper House was reduced from 27 to 23. Since the enactment of these reforms the old opposition of the Social Democrats to the Upper House has greatly decreased.

The Lower House has 250 members simultaneously elected every four years by twenty-eight electoral districts each returning four to sixteen members according to population. Since the Riksdag is in session for only four months in the year its members are well in touch with their constituencies, in which, unlike senators, they must reside. The system of proportional

representation by which they are elected is liked by the Conservatives and the minority parties and disliked by the Left of the Social Democratic Party. The latter wish to make P.R. of less assistance to the small parties; while the Liberals wish to make it more advantageous to them by pooling the votes cast for unsuccessful candidates to elect "all country" members. On the whole, however, the present form of P.R. is accepted as securing a satisfactory representation of opinion. As in the Upper House members sit by geographical groups, not in party groups. This is said to account in some measure for the lack of party spirit among members and for their geographical solidarity upon some questions. The member is paid £200 a year if he lives in the country and £150 if his home is in Stockholm. Membership is by no means a full-time job, and nearly all members have normal work to do in the professions, industry, or on the land.

Specialized parliamentary committees are a highly important part of the Swedish system of government. Every motion, before being presented for debate in the Riksdag, must go to one of the eight Standing Committees which are provided for in the Constitution. These are composed of an equal number of members from each House in proportion to the strength of parties, and each of them deals with a special class of laws. The Constitutional Committee, for example, deals with all constitutional questions and with municipal law. Once it was an important fetter upon royal power, but now it is little more than formal. Its watchfulness upon King, Government, and Legislature has not been without value in the past and may not be without it in the future. It still examines every year and reports on the Acts of the previous session. The other committees are harder worked. That dealing with the Budget is the most important and is larger than the others, with twenty-four members to their twenty. It deals only with money paid out, money paid in being the province of the Taxation Committee, and its work is so complicated that it is difficult for the decisions it makes to be challenged in the Riksdag. Other committees deal with Agriculture, Taxation, Banking, Constitutional Law and Social Law. The Foreign Affairs Committee is a special case. It was set up as late as 1937 and must not be confused with the old Foreign Affairs Commission

which merely heard the pronouncements of the Government upon foreign affairs and gave its opinion. The new committee has all the functions of a standing committee, examining motions and resolutions for presentation to the Riksdag. The personnel of the two, however, is the same and is of exceptional talent and influence. The old commission still functions and sits usually when the Riksdag is not in session. The Foreign Minister may attend the meetings of committee and of commission, an exceptional privilege tending to increase the influence of the executive.

These standing committees are in a strong position in relation to both the Riksdag and the Government. The members of a committee are naturally the experts when a Bill which they have already considered is being debated in the Riksdag, and their majority opinion generally prevails. The Riksdag, however, occasionally asserts its authority by adopting the "reservations" of the minority on some points. With the growth of party discipline and a stable Government majority in the Riksdag the independence of committees is likely to diminish, although there is as yet little ground for the assertion of the Opposition that they have deteriorated into the mere instruments of the executive with decisions predetermined by a party majority.

The absence of Ministers or official representatives of their departments from the meetings of standing committees is naturally a considerable source of weakness to the executive. Ministers must share responsibility for Government Bills with the chairman or vice-chairman of the committee acting as rapporteur. But an interesting fact is that the secretary of each of the Riksdag committees is an official from the relevant Government department, who can tactfully explain the Government's intentions, if requested, and can unofficially keep the Government in touch with the proceedings of the committee. He may, of course, take no initiative in the committee's proceedings, and his work as liaison officer is unofficial.

The system of committees is popular among all parties, and at least tolerated by the Ministers. It is generally recognized that they save time and perform valuable work of detailed and informed criticism. There are no very vigorous criticisms, except sometimes in the case of the Budget Committee, which

is exceptionally powerful because its work is more important, difficult, and technical.

In addition to the standing committees there are occasional committees which were originally *ad hoc* but have become stabilized. They are drawn from single Chambers—two from the Upper and five from the Lower Chamber. They consider only private motions, and not Government propositions, and have no right of initiative, like the standing committees. They are an admirable training-ground for members of the Riksdag, and are consciously so used.

When a particularly complicated question has to be dealt with by the Riksdag a special committee is appointed for the purpose—the question of armaments, for example, was dealt with in this way.

There is only one reading of a Bill in each Chamber, and this takes place when it has returned from the committee. The procedure gives considerably more importance to the private member than does that of the House of Commons. He has a complete right of initiative even on financial matters, and there is nothing like the pressure of business found in this country. A good deal of the time spent in the British Commons in taking the division is saved in Sweden by the use of an electrical apparatus for the registration of votes. An important contrast with the British procedure is the absence of “question time.” There is a method of “interpellation” by which specific points can be raised with the permission of the House, but the Minister is under no obligation to reply.

CONCLUSION

Sweden appears to have achieved a very large measure of political democracy. All citizens of 23 years or over exercise the franchise and there is no longer any plural voting. In constitutional form there is little scope for further development in the direction of democracy; the Second Chamber might be reformed by the abolition of the age limit and indirect election, or it might be abolished; the King might be relieved of even such powers as he now has. But none of these changes would greatly enhance the democratic nature of the Constitution. There is, however, room for further progress in the

democratization of the personnel of the Upper Chamber and of some of the executive posts, including the Army. The former should soon be accomplished, but the latter is being held up by the difficulty of dismissing officials and the slow progress towards educational democracy.

Interest in politics in Sweden is growing rapidly, after being for a long time at a very low ebb. This is largely due to the concrete results being obtained by the present Government, and, as Professor Tingsten shows in his recently published book,¹ the apathy in the past has been shown mostly by the lowest income groups, who are now beginning to use their vote for the first time, and usually in support of the Government. At the last election 75 to 76 per cent. of the electorate voted, whereas the percentage has been as low as 20 or 30 in the past.

Parliament is the sovereign power in the Constitution, and the method of effecting constitutional changes is admirably simple. Alterations to the "Four Fundamental Laws"—the Act of 1809, the Succession Act 1810, the Law of the Riksdag, and the Law of the Freedom of the Press—require the sanction of two independently elected Riksdags. Thus, for the setting up of the new Foreign Affairs Standing Committee a resolution was passed at the end of one parliamentary term, and re-passed at the beginning of the next, thus becoming law, with only an election intervening. There is not nearly so much desire to preserve constitutional forms for their own sake as in England, and a Government which wished to alter the Constitution would not find itself opposed by a prejudiced public opinion, but would meet a public opinion judging their proposals on their own merits. The Constitution has been changed, in fact, on innumerable occasions, as has been seen.

The political system, however, has not yet been put to any serious test. As Per Albin Hansson has said:

"Socialism and Bourgeois Democracy in the Northern countries of Europe have never come into hopeless opposition to each other; the Bourgeois democrats have not allowed themselves to be driven by fear of Socialism from their democratic ideal and the Social Democrats have not,

¹ *Political Behaviour*.

for fear of contamination, fled from bourgeois democracy. Instead, the former were able to unite on the solution of the democratic tasks which are common to them."

The economic development of Sweden, with its late "industrial revolution," has been accompanied by much less economic distress than in other European countries, and this ability to avoid the worst features of the industrial revolution, combined with its neutrality during the war, has secured Sweden from the social struggles which threatened other "bourgeois democracies." Thus the absence of a vigorous Fascist movement enables it without difficulty to preserve an orderly political life without resort to repressive measures.¹ Sweden's fortunate position economically has also not yet forced the working-class movement to make a direct challenge to the capitalist system. Whether or not the political system bears the strain when, as seems inevitable, the challenge is made, depends partly on the class structure of the country, the general features of the economy and on many other considerations. But from the political side the prospects of a peaceful transition to Socialism are favourable. The actual institutions can be perfectly well adapted to the purposes of a Socialist transition—there is no reactionary Second Chamber, and procedure is admirably efficient in both Chambers. But relatively greater support would be needed than—say—in England, for the system of Proportional Representation forbids the winning of overwhelmingly strong parliamentary support on a small electoral majority; and the work of committees would have to be more sympathetic to the Government's intentions than could be arranged without a large Government majority on them. Apart from the institutions, the popular appeal of democracy would be a great bulwark of a Socialist Government during the transition period against an attempted Fascist rising to overthrow it. For the undoubted successes of Swedish democracy have won for it a deep respect among all classes, which would make the winning of any popular support for a Fascist rising against an elected Government almost unthinkable—even in these

¹ The "Socialist" (I.L.P.) leader, Landen, declared that "there are no important restrictions on the right of free speech or demonstration." In 1934 a Political Uniforms Bill was passed by the Social Democrats, but did not deal with political demonstrations generally.

days. Democracy in Sweden is not merely a formal constitution but a real political force.

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2. THE ADMINISTRATIVE SYSTEM

By J. E. MACCOLL

It is not the purpose of this chapter to give a detailed account of the administrative machinery of Sweden, but rather to give a general outline of its chief features and to indicate what elements in it seem to be of particular interest to the ordinary British observer. At first sight the length and the variety of the names of different administrative organs seem to have a terrifying complexity, for the Swedish system, like the British, has not been trimmed and trained by an absolutist ruler, but has grown with the spontaneous variety of an indigenous democracy. Nevertheless its principal outlines are not difficult to trace.

THE CENTRAL GOVERNMENT

The central authority has not been depersonalized to the extent that it has in England, and it is perhaps significant that where the Englishman speaks of the Crown, the Swede speaks of the King. The supreme head of the State is the King acting administratively in Council, judicially through his justiciars, and thirdly, but by no means less importantly, through the supreme administrative court of appeal, Regeringsrätt.

The decisions of the Cabinet are in theory the personal decisions of the King, of Kunglig Majestät, and are promulgated formally at Cabinet meetings presided over personally by the King. The amount of work that can be accomplished by the Cabinet is thus limited. The day-to-day administration is accordingly devolved on to semi-independent administrative boards.

Under each State Department, presided over by the responsible Minister, there are one or more of these boards. Under the Social Department, for example, are *inter alia* the Social

Board dealing with labour questions and industrial welfare, the Medical Board dealing with public health questions, and the Unemployment Commission; under the Department of Communications, the Post Office and the Railway Administration; under the Ecclesiastical Department, the Board of Education, and so on. The State Departments are responsible for preparing and submitting legislation to the Riksdag and for organizing the Budget necessary to carry out that legislation. In addition, a law may reserve to the Cabinet decisions on any particular class of question. It has a general over-riding power of supervision and can be appealed to by aggrieved persons. But within their terms of reference and the ways and means voted to them the administrative boards are responsible for working out the detailed application of the powers entrusted to them. Subject always to recourse to the higher authority, the Medical Board will, for example, advise the local authorities as to the location and planning of hospitals, make grants to them, and inspect them. Similarly the Board of Education will supervise the training and inspection of teachers, approve the plans and make grants in aid of new schools and so on. Where a board is overruled by the Cabinet it may publicly and officially minute its disagreement with the decision taken.

LOCAL ADMINISTRATION

In each county the Central Government is represented by a Governor who, with his advisers, the County Clerk and the County Accountant, form the County Government. (Länsstyrelse.) There is also in each county an elected County Council (Landsting) with its Administrative Committee (Förvaltningsutskott). This Council is a local body quite distinct from the centrally appointed County Government. Independent of the County Councils are the six County Boroughs: Stockholm, Göteborg, Malmö, Norrköping, Helsingborg, and Gävle. Finally, at the bottom of the administrative pyramid, are the towns, urban districts (köpingar), municipalsamhällen, and rural communes (landskommuner). The municipalsamhälle is an urbanized part of a rural commune organized as a separate administrative unit. The whole country apart from the towns is also divided into highway districts and there are *ad hoc* unions constituted for other services.

Local government areas with a population over 1500 must, and many others do, elect a Council, which in turn appoints one or more administrative committees.

The centre of gravity of the Swedish administrative machine is lower down than the British. The municipalities are not the junior partners that they are in this country. They are certainly much more important than the County Council. Towns with a population over 50,000 may become altogether independent of the County Council, and elsewhere its work is principally the provision of a county hospital and certain special schools. Grants are also made to the municipalities and communes out of county taxation for certain specific purposes such as public assistance.

The County Council itself is not an administrative body. It meets about once a year to pass the county budget and to appoint the administrative committee, which generally consists of members of the Council only, and other committees or boards which may consist wholly or mainly of other persons. The general supervision of the administration between the meetings of the County Council is the function of the administrative committee.

THE TOWNS

In the older towns the nominal head of the civic administration is the Magistrat, consisting of the Burgomaster and a number of Justices. Their function is now mainly judicial, and the nearest British analogy is perhaps that of the Scottish Sheriffs-Substitute, though in fact they combine the functions of County Court Judge, Stipendiary Magistrate with an Assize jurisdiction, and District Registrar. In addition, they act as Returning and Registration Officers. In theory it is the function of the Magisträt to submit the decisions of the Town Council to the appropriate committees for execution. This gives them an opportunity of examining each decision to see that it is not *ultra vires*, and for the same purpose it is the duty of the Burgomaster to attend the meetings of the Town Council and to take part in the deliberations though not to vote.

The tendency is to abolish the communal magistracy in small towns and to merge them into the jurisdiction of the surrounding district. Where this is done, the other functions

of the Magistrat are carried out by the Communal Burgo-master, an official nearer to the English Town Clerk.

While the Town's Meeting still survives in Sweden, and in the case of small rural communities often is the administrative authority, in towns of any size the effective control is with *Stadsfullmäktige*, the elected Town Councillors. The Town Council determines matters of policy and passes the budget, but the detailed administration is carried out by committees. These committees are mostly appointed by the Council, but they are not, strictly speaking, committees of the Council, they are rather committees of the town itself. Within their allotted budget they have considerable autonomy; they may consist wholly or mainly of people who are not members of the Town Council, though when their recommendations are under consideration by that body their chairman has the right to be present and to take part in the debate. These recommendations are mainly matters involving expense, as their ordinary administrative decisions do not require confirmation by the Council.

The principal committee in each town is the Finance Committee (*Drätselkammare*), which is endowed by statute with many of those wider powers which English Finance Committees sometimes seek to assert by prescription. In some cases it directly controls streets and municipal undertakings, in all cases it has a general supervision over all the property owned by the community and examines the financial aspect of the decisions of the other administrative committees. All recommendations to the Town Council have to pass through it.

Some towns also have a Preparatory Committee (*Beredningsutskott*). This is a committee of the Town Council, generally composed of the leaders of the different parties, which acts as a General Purposes Committee. It sees that the Council Agenda is in order and that the recommendations satisfy formal requirements, it makes recommendations on matters of general policy which do not fall within the terms of reference of other committees, and, I am told, it acts as a round table conference to even out differences between the parties. Where there is no Preparatory Committee its functions are carried out by the Finance Committee.

The position and prestige of the Finance Committee make

it much more than a mere book-keeping committee. In many respects it acts as a planning committee, able and accustomed to take both a long view and a wide view of the whole field of the town's welfare.

The administration of Stockholm is unique in many respects, but undoubtedly its most interesting feature is the Stadskollegium. This board consists of the chairman, the two vice-chairmen, nine members of the City Council, and six Aldermen (Borgarråd). It is concerned with the supervision of the whole administration. It carries out investigations into suggestions made by City Councillors, examines all recommendations submitted to the Town Council by the different administrative committees, and forwards them with its own observations. In short, it carries out much the same functions in relation to the administrative committees as does the Cabinet in relation to the central administrative boards. The city administration is divided into six sections. The chief of each section, which consists of a number of departments, is one of the Aldermen, semi-permanent officials who also divide between them the chairs of the main committees. They are not merely chief officers, but permanent chairmen who bring to the deliberations of the Kollegium a personal knowledge of every branch of municipal work and take an active part in policy-making.

In most Swedish towns there is no one Chief Officer. There are a variety of officials, different selections from whom are to be found in each town. Apart from the heads of the technical departments, there are the municipal accountant (stadskamrer), the borough treasurer (drätselkamrer), and the stadsombudsman, a combination of committee clerk and borough solicitor. That is not to say that no Swedish town has a municipal Pooh-Bah, but that his title varies. Frequently he will be the chairman of the Finance Committee and not an official. In other cases he may be the stadsombudsman or the drätselkamrer. In small towns which have not a Magisträt, the Communal Burgomaster has a wide administrative field. In larger towns attempts have recently been made to centralize administration by the appointment of a drätseldirektör who is entrusted with the economic and financial supervision of the whole municipal administration. But though he is often so described, he is not a City Manager in the American sense.

The idea of substituting a single professional administrator for committee government is something wholly foreign to Swedish conceptions. It is a fairly safe generalization to say that in Sweden, wherever considerable administrative authority is given to a bureaucrat, a committee exists to keep an eye on him. The drätseldirektör obtains much of his power through being the clerk or even chairman of different administrative committees, in function not very different from the Stockholm Aldermen. He is not a dictator, but, like the Stadskollegium and the Finance Committee, he is a co-ordinating influence in an otherwise very decentralized municipal administration.

POWERS OF LOCAL AUTHORITIES—SUPERVISION FROM THE CENTRE

If excuse be needed for devoting a large part of the confined space of this chapter to local administration, it is to be found in the wide field of municipal activity. The local authorities are the channel through which almost all internal government policy has to be carried out. Sweden does not have local government organizations springing from the central administration. There is nothing, for example, analogous to the Unemployment Assistance Board. The local Unemployment Committee is appointed by the Town Council. The towns and the rural communes function under a general enabling clause, they are "to take care of their common interests in matters of public order and economic welfare in so far as these are not otherwise covered by regulations in force."¹ While it is true that most matters of municipal activity are covered by specific legislation, this general power is by no means an anachronism. It means that where there is general agreement that a local authority should extend its activities there is no need to wait for enabling legislation. Any member of the municipality has the right of appeal from a decision of the local authority to the County Government within a prescribed period, and thence to the Administrative Court (Regeringsrätt). The machinery is cheap and speedy, and a decision can quickly be reached whether or not the proposed activity is in the common interest. If the decision is unfavourable to the

¹ "sina gemensamma ordnings och hushållningsangelägenheter, sått icke handhavandet därav enligt gallande författningar tillkommer annan."

authority, it can try to persuade the Government to introduce enabling legislation. If it is favourable, it can go ahead in security without further delay.

Apart from appeals, the Government has various means of controlling the local authorities. The sanction of the County or Central Government has to be obtained for decisions on a number of matters, of which the most important are dealings in real estate, issue of loans above a certain amount, and proposals committing the municipality to expenditure for longer than five years. To an increasing extent also grants in aid are being made with a corresponding right of the Government to attach conditions to the grants. It is somewhat new for the Government to assume default powers. In the case of highway authorities the Government may direct what work shall be done. The Town Planning Act gives the Government power to enforce a Town Plan if the local authority defaults. This is an innovation rather contrary to Swedish traditions of local responsibility, and it has not yet been invoked.

Swedish local administration certainly seems much more flexible than English. There is, of course, a sounder tradition of municipal enterprise. Municipalities, through the general enabling clause, can and do own an astonishing variety of undertakings, from pawnshops and pigsties to ports and power-plants, but perhaps most noticeable is the extent to which they have bought up surrounding land in anticipation of expansion. The local resident thus enjoys both the benefits of a properly planned city and the profits from real estate speculation.

It will have been seen that the County Government occupies a pivotal position in the administrative organization of the country. Upon the Governor and his assistants fall the duties of supervising local authorities, acting as an administrative court of first instance, and advising the Government on local matters. The Swedish, like the British, have not taken the Separation of Powers too seriously, and the Governor makes a better administrative judge through being in day-to-day contact with local administrative problems. He understands local needs sufficiently well to advise the Cabinet of the probable effects of proposed legislation, he is sufficiently in touch with the policy of the Cabinet to keep some uniformity of

administration in the local communes. And the local authorities have the satisfaction of knowing that their carefully worked out schemes will not be hamstrung by an office boy in the Ministry of Health or by some unsuccessful politician or remote academic on a judicial bench, but will receive the personal scrutiny of an experienced public man with local knowledge.

ADMINISTRATIVE COURTS

Sweden is famous as one of the most democratic of countries, and a major test of democracy is the remedying of grievances. Yet at first sight there does not appear any high degree of public accountability in the Swedish system. On the contrary, much of the work is done by these semi-independent central boards and semi-independent administrative committees. Swedish parliamentary procedure has a limited and rather informal system of interpellation whereby elected members of the Riksdag may ventilate grievances, but only against the decisions of the Cabinet and not of the administrative boards. Nor is it in any sense the function of the elected local councils to concern themselves with administrative details and consider complaints.

The system of administrative courts does, however, provide a wide and easily operated means of redress to every citizen. In the case of the central administration a distinction is drawn analogous to the classic distinction between *fautes de service* and *fautes personnelles*. The Riksdag appoints a high legal official, the Justitieombudsman, who acts as a kind of tribune. It is his duty to investigate all complaints which allege misdemeanours against Government servants, and to take appropriate action. He also goes on circuit to inspect the working of officials in the provinces, and his report to the Riksdag contains criticisms and suggestions, particularly from the standpoint of the maintenance of civil liberty. Where the complaint is not against the personal behaviour of a Government servant but against a decision of the administration itself, the remedy lies either in an appeal to the administrative courts or to the King in Council. This system of complaints (*besvär*) takes an extremely important place in Swedish administrative practice. Where the matter in issue is a legal question, such as a plea of *ultra vires*, the complaint is made to the administrative

courts. Where it is a question of policy, it will usually go to the Cabinet (King in Council), though most complaints against local authorities go to the administrative courts. The decision of both the courts and the Cabinet are recorded and form a body of precedents. Any citizen may challenge in the courts a decision of his municipality, but an appeal from the central administration must be by the person aggrieved. In the case of decisions of the local authorities, the administrative court of first instance is the County Government, which, although in this respect acting quasi-judicially, is at the same time in constant touch with the problems of administration. From the decision of the County Government an appeal lies to the Regeringsrätt, an administrative court of seven members of whom two may be laymen. At present there is one layman. In tax cases and cases of Poor Law settlement there is an intermediate court, the Kammarrätt. In the case of decisions of the elected local councils the courts are only concerned to ascertain whether or not they are *ultra vires*, but in the case of administrative acts of the various local committees the courts may consider their expediency as well. This supervision over the local boards and committees is a wide and a detailed one. For example, where a Public Assistance Committee has given an applicant an institution order, the intermediate court may quash the order and order domiciliary relief. This although they have not seen the applicant and are guided only by written statements from the appellant and the respondent authority. It is significant that in Swedish Poor Law the intervention of the central authority, whether it be of the administrative court or of the Poor Law Inspectors, is nearly always to increase rather than to reduce assistance. A cursory survey of the intricacies of the Poor Law system does not entitle one to an opinion whether this is due to the backwardness of the local committees or to the progressiveness of the central administration.

THE JUDICIAL SYSTEM

Mention has already been made of the communal magistracy and the district courts. These together constitute the civil and criminal courts of first instance. The justices of the communal magistracy are nearly always lawyers, appointed

by the Municipality; the Burgomasters are appointed in conjunction with the Central Government. Of the district courts, of which there are about 120, the president is a lawyer and he is assisted by a jury of laymen from a panel elected for six years, who can overrule him if they are unanimous.

There are four district courts of appeal and a supreme court of twelve members. There is comparatively little oral pleading, most of the civil work being on paper. Advocacy is not limited to qualified persons. The training for judges is quite distinct from that of the advocates, and young lawyers begin minor judicial work at an early age.

Judges are not appointed on political grounds. Every four years a committee of the Riksdag examines the list of judges, with power to dismiss any of whom it disapproves. This power is now of only formal importance.

ADMINISTRATIVE PERSONNEL

The effectiveness of any administrative machine probably depends less on its formal structure than on the calibre of the persons who are working it. Recruitment to the Civil Service, which covers the staffs of the Central and County Governments and central boards, is not by written examination but by the competitive interview. The Service is divided into grades with varying educational qualifications as an essential prerequisite for candidates offering themselves for interview. There is a clear distinction between those coming into the Service after the University and those entering at an earlier stage. These latter do not usually rise to the higher posts.

There is no standardized method of recruitment of the officials of local authorities. Technicians may be brought in from private undertakings, the other grades being recruited by promotion. The elected representatives are chosen under a system of proportional representation by all persons over 23 years who are registered as electors. The representatives themselves must be over 25. They are elected for four years and cannot refuse office if eligible unless they are over 60, plead obstacles to the satisfaction of the majority of their colleagues, are Government or municipal officials, or have already served four years. A rule which must be of great comfort to party Whips is that members who absent themselves without giving

notice of a reason approved by the Council are fined two kronor, and a double fine if owing to their absence a quorum is not obtained.

The elections are almost always on party lines, but my impression, based more on casual conversation than on detailed examination, is that there is very little party difference over administrative details which have not got political repercussions nationally. There are, as we have seen, in addition to the elected members of the town or rural councils, frequently a large number of committee members appointed by the councils but not directly elected. They are usually appointed in the proportion of the strength of the parties on the council. In the case of some committees, as for example the Child Welfare Committee, the qualifications of some of the members are prescribed by statute.

This system of co-option undoubtedly helps the working of Swedish democracy. It spreads the work of local administration so that participation in it remains easily compatible with the day-to-day task of earning a living. It necessitates and secures that a substantial section of the population shall take a share in public work, which accordingly becomes neither the hobby of the leisure class nor the career of professional politicians, but the normal spare-time occupation of an appreciable number of the workers.

The Swedish people have been very loath to recognize a bureaucratic caste, and this has operated both to give more freedom politically to Civil Servants and more opportunity for those without bureaucratic training to obtain permanent administrative positions. The Civil Servants have complete freedom to organize politically. They can and do frequently sit in the Riksdag and take an active political part as members of local authorities. Employees in State industries and the lower clerical grades have the right to strike, which is denied to the higher grades. Disputes are mainly about conditions of employment, as salaries are prescribed by statute.

Municipal employees have somewhat different political rights. No official or employee who is engaged in financial or administrative work and is "responsible for submitting accounts" is eligible to serve as a municipal councillor. Precisely who are debarred and who are permitted to serve as

members of the local authorities is thus a matter of not very obvious legal interpretation. Practice seems to vary widely. In some places it appears to be the custom for municipal servants not to serve on committees controlling their particular department, but in other places precisely the contrary is the case. It is certainly common enough, for example, for the principal of a technical or commercial school to be a member of the Elementary Education Committee. In one town the husband of one of the assistant teachers is vice-chairman of the committee controlling the school. In another the Director of Education is a member of the Town Council in his private capacity. I have mentioned these cases as those of non-Socialists, but the predominance of workers' representatives in so many local authorities has undoubtedly led to an increase in the number of employees in municipal undertakings who are also members of the Authority. The novelty of this custom is less obvious in Sweden than might be expected, because it is quite customary for local administration to be in the hands of mixed committees of officials and honorary members, and on education committees the teachers may appoint observers who take part in the deliberations but do not vote. The practice is open to obvious abuses, of the actual occurrence of which there seems to be extremely little evidence. There are on the other hand no less important advantages. It means that local bodies have members, whether servants of local or national bodies, who have some knowledge of administration, and officials who have learned to have the wider outlook of the politician.

But if the bureaucrat has greater freedom than in England to enter the political arena, the politician has more opportunity of entering the bureaucratic haven. For example, the Heads of the central administrative boards are frequently appointed from outside the Service. Their appointments are sometimes short-term and are then generally renewed, but when a vacancy occurs the new appointment is not infrequently made from those sympathetic to the Government. Both the Head of the Royal Social Board and the Chief Inspector of Poor Law and Child Welfare were, for example, previously members of the Riksdag. Similarly Governors (Landshövdingar) not only may be appointed from but may continue to be members of the

Riksdag. Though in fact they have recently tended to resign on appointment.

Another interesting illustration of this fluidity between bureaucrats and politicians are the Stockholm Aldermen (Borgarråd). These are full-time officials, concerned with day-to-day administration, but they are not promoted from the municipal service. The only qualification prescribed by statute is that they shall be persons "with special knowledge and practical experience of municipal administrative problems or of other public work." In fact, four of the six sit as Socialist members of the City Council and one as a Liberal.

Quite apart from the officials who are politicians and the politicians who are officials, a substantial amount of detailed administrative work in Sweden is done by honorary members of councils and committees. In rural communes there are few if any officials except the teachers, and a major part of the burden falls on the members of the rural council. In quite large towns there may be a financial official but no salaried borough engineer or power superintendent or housing director, these functions falling to one or two local builders or engineers serving on the particular committee. I was informed that the clients of a flourishing correspondence school in local government law and administration were drawn not mainly from young officials seeking promotion but from workers anxious to carry out unpaid public duties.

MILITARY FORCES

An account of the Government service would not be complete without some mention of the military forces. The King is Commander-in-Chief of the armed forces and under the Constitution may reject the advice given him by the Ministry of Defence. Under this Ministry are the Chief of Staff, the Commanders of the three defence services, and the Supplies Department. The Chief of Staff is the senior officer, but departmental disputes are settled by the Minister. The armed forces are mainly conscript and the professional army is primarily an organization for training conscripts. Private soldiers may serve between the ages of 17 and 34. There is a work-finding department for men when they leave the army. Some are taken into State undertakings such as the Post Office

and the Railways, but difficulty is sometimes found in placing.

Officers have to reach the educational standard of University matriculation (Studentexamen). They enter the cadet schools at about 19 or 20 and have a three years' training. The number of entrants is limited to 112 per year. Some attempt is made to widen the officer class. There are training classes for rankers who, if they can pass the Studentexamen, have a prior claim on the vacancies in the cadet schools. The first ranker entrants were in 1927, and so the first ranker officers in 1930. Since then about 40 have become officers. This year there were 8 ranker entrants. The ranker officers are generally about two years older than the others. Promotion is mainly by seniority of service, but those who pass through the Staff College have their promotion expedited. The Studentexamen is an onerous examination, and the educational standard thus appears to be substantially higher than the British.

Every male citizen of 20 years of age becomes liable to military service. He serves for 180 days together with 25 days' supplementary training in the first year, 25 days' supplementary training in the second year, and 5 days' at the age of 35. By a curious and not easily justifiable regulation those who have the misfortune to pass matriculation are called upon to serve an extra 80 days just as they are due to begin their University education. They may postpone their service, as long as it is begun before they are 27, but then, of course, it will cut into the beginning of their careers.

Conscripts are expected to devote their short military experience to a study of the arts of war and they must therefore cease political activities. But professional soldiers may and do serve in the Riksdag and on local public bodies. They may not organize themselves into trade unions nor take part in political demonstrations; they may, however, attend political meetings provided they do not wear uniforms.

No hasty sketch of the bare bones of the Swedish system can adequately evaluate the spirit of Swedish democracy. To the question, "Is Sweden well administered?" the answer

must be yes. Corruption and inefficiency are certainly as rare as in this country, party bigotry much rarer. But has Sweden anything to show in this field more than would England, had Mr. Joseph Chamberlain sold gas and water socialism to the Conservative Party as effectively as he sold protective tariffs? To this question the answer must be more qualified. The level of local initiative and civic pride is undoubtedly higher than our level, the peak points not dissimilar. The flexibility brought about by the more general enabling acts, the less rigid distinctions between the functions of voluntary member and salaried official, and the simplicity of the administrative courts are saved from abuse by Swedish reasonableness. From a Socialist point of view the tradition of considerable local autonomy may be a hindrance to a general social advance directed from the centre. On the other hand, the wide basis of local participation in government has given the working class a tradition and experience of ruling which is surely a *sine qua non* of any democratic Socialist society. And most honourably is that tradition maintained.

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3. POLITICAL PARTIES

By JOHN PARKER, M.P.

POLITICALLY, Sweden is exceptional. In many countries the world war and the years immediately following saw democratic institutions and parliamentary supremacy introduced. By the middle of the 'thirties they had been engulfed by the returning tide of open or covert authoritarianism, and political freedom had been limited roughly to those states who had won it before 1914. The years immediately before and during the war saw the same struggle in Sweden as elsewhere and ended with the same result. The last few years, however, have seen a strengthening rather than a weakening of Parliamentary Government. The 'twenties saw a series of minority Governments usually drawn from one party interluded by administrations of civil servants which acted as stopgaps until accommodation could be reached between the parties. In the last few years, one party, the Social Democratic Party, first out-distanced its rivals, then formed a coalition with the Farmers' Party, thus securing an absolute majority in both Houses of Parliament. The present Government has therefore a stability unknown ten years ago.

This unusual political development is partly due to the social and economic background which had made possible the success of the Social Democratic Party, and which will be discussed fully when its fortunes are being considered, and partly to the flexible parliamentary and administrative traditions which have lent themselves to progressive change. In the late nineteenth century the King selected his own Ministers. They usually but not necessarily were acceptable to the current majority in Parliament. "Parliamentarism" triumphed during the war when the King was forced to accept the Ministers Parliament desired. The establishment of responsible government in Sweden did not, however, give power to persons unused to

administration. For the King's Ministers had governed chiefly through the machinery of parliamentary committees which had obtained wide powers of altering and modifying legislation and which possessed many civil servants among their members. Responsible government was easily accepted by the Right as a "natural growth" of existing institutions. Members of the Riksdag already possessed a knowledge and experience when this change took place, which were unknown in a body such as the Reichstag. When reaction triumphed in other countries the administrative classes in Sweden could not look back to any recent period when Parliament had not been closely associated with government. The advent of a strong Government based on a parliamentary majority has so far prevented any considerable growth of Fascist ideology in these circles.

Sweden is not a country in which political passions run high despite an increasing interest in politics. Just after the war when universal suffrage for both sexes first operated in a general election only 57 per cent. of the electorate voted. This figure has steadily increased side by side with that of the Social Democratic vote and in 1936 reached nearly 76 per cent. It is generally believed that this change is largely accounted for by a higher poll among working-class women who have only gradually become politically-minded. The following table shows the strength of the parties in the Lower House at the last two general elections, and in the Upper House in September 1936.

THE SOCIAL DEMOCRATIC PARTY

It will be seen that the Social Democratic or Labour Party at the last election won almost half the seats in the Lower House, could have secured a narrow majority there by a combination with the other Left parties, and has obtained a comfortable majority in both Houses by its coalition with the Farmers' Party. The achievements during its minority Government 1932-36, the gain of over 300,000 votes at the last general election and the municipal election victories in the autumn of 1937 have placed the party's prestige very high and struck real fear in the hearts of its opponents. It would be difficult to find a critic more defeatist than Professor Bagge

the Conservative leader, who stated in an interview that the present Government was almost irremovable, as he saw no likelihood of its supporters deserting it. He thought that two parties, whose support was based primarily upon the working classes and farmers respectively, could control the country as long as they remained in alliance. Sweden, he declared, was a totalitarian state, as only the Government parties ruled the

	LOWER HOUSE						UPPER HOUSE
	Votes		Seats		Percentage of Voters		Seats held in 1936
	1932	1936	1932	1936	1932	1936	
<i>Government—</i>							
Social Democrats (Labour) . .	1,040,689	1,338,120	104	112	41·7	45·9	66
Farmers' Party . .	351,215	418,846	36	36	14·1	14·4	22
	1,391,904	1,756,966	140	148	55·8	60·3	88
<i>Doubtful—</i>							
Left Socialists (I.L.P.) . .	132,564	127,833	6	6	5·3	4·4	1
Communists . .	72,245	96,531	2	5	2·9	3·3	..
	204,809	224,364	8	11	8·2	7·7	1
<i>Opposition—</i>							
People's Party (Liberals) . .	293,299	376,170	24	27	11·8	12·9	16
Conservatives . .	585,248	512,780	58	44	23·6	17·5	45
National Socialists (Fascists) . .	15,170	20,503	..	..	0·6	0·7	..
National Party (Fascists) . .	..	26,741	..	..	..	0·9	..
	893,717	936,194	82	71	36·0	32·0	61
Totals . .	2,490,430	2,917,524	230	230	100	100	150

country; the principal difference between Germany and Sweden was that in Sweden criticisms of the Government could be made openly.

Extravagant as such statements may seem, they are typical of many made by responsible opponents of the Government and of the Labour Party which dominates it. Agreement is general as to the party's strong position, but there is less certainty about its causes. One of the chief of these seems to be the high quality of the party's personnel, especially of its leadership. This is combined with remarkable self-confidence

and a feeling that its members are the rulers of the country. A group of men of about 45-50, drawn from all sections of the movement and now at the height of their powers, dominate the party. They include the Prime Minister, Per Albin Hansson, the most outstanding political personality in Sweden, and others who are admitted to be authorities in their own fields, such as Wigforss in finance, Sandler in foreign affairs, Moller in public works policy, and Myrdal in economics. The political strategy of these leaders was shown to advantage in 1932 when they worked out a practical programme to deal with the slump, which first won them the ensuing election and was then carried out, and again in 1936 when the minority Labour Government made its acceptance of rearmament conditional upon the passage of an improved old age pensions scheme. As was expected the compromise was rejected, the party resigned office and was left free to concentrate its efforts on the approaching general election with even greater success than before. The high amount of talent in their party is usually attributed by Swedish Socialists to the fact that their country was neutral in the great war. This helps to account for the strength of their movement in relation to that in combatant countries but does not explain their supremacy over other parties at home.

The official Trade Union Movement in Sweden has nearly 800,000 members, a very high percentage of the occupied population. They form the solid core of the 1,300,000 votes recently gained by the Labour Party. The trade unions have no direct representation at party conferences; many branches, however, join local parties and pay membership dues on behalf of all their members who do not contract out. All the members of such branches have the full rights of individual members of the party when they attend meetings, but branch officials are not permitted to cast block votes. Despite a greater distinction between the political and industrial sides of the Labour Movement than in Great Britain there is a very close co-operation. The great hold trade unionism now has upon the Swedish working classes undoubtedly has big political results; for it provides the Parliamentary Party with mass support in the country for its actions as well as giving it votes in elections. The Swedish Co-operative Movement has no political affiliations, but a large proportion of its active members are Social

Democrats. The drive to raise the standard of life has provided a common ground for the Trade Union and Co-operative movements and has solidified support behind the Labour Party.

The great strength of the Trade Union and Co-operative movements and of the Labour Party owes much to the social and economic background of Sweden which they themselves have helped to build up. The professional classes are still only recruited to a very limited extent from the working class, but neither they nor other sections of the middle classes are very wealthy. Few people even among industrialists have large fortunes. The absence of great wealth when industrialization began gave the democratic forces their opportunity; they have used it to raise the general standard of life and prevent the accumulation of riches in the hands of few. The fact that industrialization is spread over the country has prevented a divorce between town and country and has assisted propaganda. It should not be forgotten that industrial manual workers form only a third of the occupied population, whereas the Labour vote is nearly half of the voters. Electoral success has been achieved by winning support outside the purely industrial field among fishermen, forest workers, miners, small farmers and agricultural workers. The recent rally of the landless forest workers and small farmers of Dalecarlia in support of a joint policy was an outstanding example of this progress. The party has little support in the professions, or in the Universities which feed them, for the reason stated above; but it gets strong support from technicians who have been trained at technical colleges and high schools and who are usually of working-class origin. The absence of any national or religious minorities of any size has materially assisted the propaganda of the political, Trade Union and Co-operative movements.

The Labour Party machine is much admired and has been copied to a great extent by the other parties. The individual membership, built up in part by trade union branches in the way previously described, amounts to over 400,000, a surprisingly high figure for a country with only $6\frac{1}{4}$ million people. Many activities are decentralized and run by local parties or county federations as befits a country larger than pre-1938 Germany in area. The headquarters appear to be well staffed, with a high proportion of young people, and are respected in

the party for the ability of their propaganda. A large income derived in part from individual members and in part from trade union donations provides an organization which dwarfs that of any other party. A League of Youth of 106,000 members feeds the party with active supporters.

Perhaps the strongest asset the party possesses is its record of achievement since 1932. The "conquest of unemployment," the increase in the standard of life and the development of social services are all credited to the party and account for much of its self-confidence. The value of these changes and the part the party played in bringing them about is dealt with in other chapters. Leading Socialists all admit, however, that their efforts have been aided by "good fortune." Firstly, they came into office at the bottom of the slump and a natural trade revival took place side by side with their employment policy. Secondly, world rearmament has found a ready market for Swedish iron ore and brought prosperity to some of the areas in the country which most needed it. Even allowing for this "good fortune" the party's activities remain impressive.

The power of the party is undoubted; whether its policy is at present Socialist to any great extent is highly controversial. A prominent official of the party described its policy as "ultimate socialization but an immediate increase in the standard of life of the workers." When the Coalition Government was formed in 1936 Hansson gave a pledge that no extensive socialization would be carried out without consultation of the electorate. Swedish Socialists explain that they already have a large socialized sector in industry but are very backward in social services. Promises to extend pensions and health and unemployment insurance certainly proved popular items in the party's election programme in 1936. Many trade union officials disapprove of a further extension of "State monopoly." At the moment national prosperity is enabling considerable social reforms to be paid for out of the buoyant revenue with only a small increase in death duties and in taxation on large incomes. This cannot continue indefinitely. Already the rapidly growing football pools, which are based on British matches owing to the Swedish climate preventing play in winter, have been nationalized to provide funds for a national fitness campaign. Should a slump set in or a further big pro-

gramme of reform be embarked upon, fresh sources of revenue will have to be found. It is probable then that Wigforss's proposal to create State oil and coffee monopolies would be revived for this purpose, but in the meantime in a period of prosperity few Socialist experiments are likely to be undertaken. Another slump, however, would put the party on its mettle. A new public works policy would necessitate further interference with private enterprise. This would probably mean State control or ownership of the commercial banks and insurance companies, the principal imports and the mines and forests. Unless the party went all out to conquer unemployment a second time its prestige would be lost. Given the present vigour of the party it seems likely that it would advance in this direction in such a contingency despite its present policy. It is improbable that widespread socialization of other industries will take place early unless big private monopolies are set up or any industries get into difficulties. Any forecasts of this kind, however, must be conditioned by international affairs and their reactions in Sweden.

LEFT SPLINTERS

The Socialist movement in Sweden has thrown off a number of splinters to the Left. The able leadership of Branting after the war and the achievements of the Labour Party since 1932 have prevented these becoming strong; their fierce quarrels with one another have made them a laughing-stock. The oldest of these is the Syndicalists, a survival from the abortive general strike of 1909. Their unions still have a membership of 35,000, but have been decreasing very rapidly in recent years. They believe in vigorous industrial action but are opposed to political activities. This doctrine has not prevented the Syndicalists from combining with the "Socialist Party" to hold meetings on behalf of the P.O.U.M. in the Spanish Civil War. The party now known as the "Socialist Party" was the original Communist Party. In 1929 it left the Communist International owing to a difference of views about the establishment of separate "red" trade unions, and was for many years known as the Swedish Communist Party. Like the I.L.P. in Britain the views of many of its supporters are now tinged with Trotskyism; it dislikes Parliament but is not

prepared for violent revolution. In recent years it has lost support on one side to the Communists and on the other to the Social Democrats. Following the last general election two of the party's six M.P.s and twenty-six of its local organizations seceded; these M.P.s and most of the local bodies have now joined the Labour Party.

The Communist Party, which was long known as the "Russian" Communist Party, was originally the orthodox minority which remained affiliated to the Communist International after the secession of 1929. Its vote has grown recently and it has 19,000 individual members. It has worked with the left wing of the Labour Party in support of the Spanish Republican Government, and its views have kept loyally in line with each change in Moscow orthodoxy. Both the "Socialist" and Communist parties support the present Government with their votes in Parliament on most issues, although they frequently criticize it for not being sufficiently advanced. All these minorities press for more aggressive action in the trade unions, whose leadership is usually on the extreme Right of the Labour Party; they all dislike the growing tendency of the trade unions to become part of the governmental machine with the extension of the social services. They are unwilling to accept any responsibility. None of these Left splinter groups approve of the "Popular Front" between Labour and the Farmers' Party.

THE FARMERS' PARTY

This is primarily a class party supported by medium-sized and small farmers with the backing of other people in the countryside whose livelihood depends closely upon agricultural prosperity. It has grown, as many people in these sections of the population felt that agriculture was being sacrificed to industry and that the other parties, particularly the Conservatives and Liberals, were not looking after the interests of the countryside.

The Farmers' Party has a strong dislike of the banks and is anxious that the countryside should have its full share of any improvements in social services. As the Labour Party itself has a considerable following in the countryside it has not been difficult for the two parties to find a common programme and

to work together. The fact that few farmers pay income-tax has prevented the Farmers' Party so far from getting frightened about increases in direct taxation. The encouragement of rural rehousing and the policy of providing forestry workers with smallholdings in particular have won the Government much support in country districts and cemented the coalition. Most of the immediate programme drawn up by the Farmers' Party during the slump has now been carried out. It does not seem likely, however, that the coalition will end in the near future, as much has still to be done in improving social services. It is probable that the Farmers would be prepared to accept some further measures of socialization if they were necessitated by a new slump, but extensive proposals of this kind would certainly end the coalition. The Labour Party will not risk breaking up this Swedish form of Popular Front until they have become strong enough in both Chambers to form a majority Government alone or until events force them to put forward an immediate Socialist policy.

THE OPPOSITION

The Farmers' Party is fiercely attacked by the other "bourgeois" parties for its present association with the Social Democrats. In many constituencies in the last election the Conservatives and the People's Party put forward joint lists of candidates to better their chances of success. One of the best pieces of Socialist propaganda in that election was the reproduction of a letter asking prominent industrialists for financial support for the People's Party as being more likely to defeat the Labour Party than the Conservatives. Despite this close electoral association the two main opposition parties represent different policies and interests. The Liberal Party for long led the struggle for constitutional reform which succeeded in the war years. Its main object achieved, it broke up in the early 'twenties amid quarrels over temperance legislation; its two sections then rapidly declined. In 1934 a reunion took place under the name of the People's Party; the controversial issue of Prohibition being left an open question. The party now draws its chief support from small businessmen, shopkeepers, office employees and small farmers. A prominent official in the National Debt Office is its leader. It

is strongly individualist, opposes any extension of monopolies, private or State, dislikes State interference and is very critical of the growing social services. It possesses free trade leanings.

Whereas the revived People's Party secured additional votes in the last election, especially among the lower middle classes, the Conservatives lost heavily. This was partly due to the secession of their youth movement, which became the National Party with a Fascist policy, and partly to the vigour of their attack on the record of the Social Democratic Government 1932-36, which told against the attackers. The Conservatives are denounced by their opponents as the party of big business and of the bankers. Its apologists point out that only 33,000 people in Sweden have incomes of 10,000 kr. (£500) a year and yet the party secured half a million votes in the last election. It is undoubtedly the party of the well-to-do, but its constitution has become more democratic in recent years. Its supporters include a high proportion of important civil servants and professional men, such landowners as survive, and most of the large farmers. It has a big backing in such country districts as are strongly religious. The Conservatives have the strongest women's section of any party in Sweden, but they have had to rebuild their youth organization since the secession of the National Party. The party has no theoretical objection to public ownership, but thinks any wide extension would destroy individual liberty. It does not possess the Liberal hatred of private monopolies; its fiscal policy is protectionist; it dislikes direct taxation and opposes extensions in social services.

Both of the main opposition parties protest their loyalty to democratic government, although they fear that the present Government will use its absolute majority to reduce the powers of the various parliamentary committees and limit the share of the Opposition in deciding policy. Most of the changes of the post-war years are generally accepted in their ranks. This is especially noticeable with regard to the equality of the sexes, one of the principal Conservative speakers in the 1936 election being a woman.

On the extreme Right are two Fascist parties, the National Party and the National Socialists. The prohibition of political uniforms soon after their birth undoubtedly cramped their

style; quarrelling violently with one another, they only managed to obtain 1·6 per cent of the votes in the last election.

PARTY PERSONNEL AND LOCAL SUPPORT

An outstanding feature of Swedish political life is the large number of members of both Houses in the Riksdag who are of working-class or farmer origin and the comparatively small number, excluding civil servants and journalists, who are professional men. In the Lower House the farmers and smallholders now number 32 per cent. Those describing themselves as manual workers are smaller in proportion, but many editors and others in administrative posts have started life as manual workers and hardly more than a dozen of the 112 Social Democratic members of the Lower House have received any form of secondary education.

The number of civil servants in the Upper House is a little over 30 per cent. This category has remained about the same size for many years, but high Government officials and officers in the services have decreased, whereas the number of university professors and secondary and primary school teachers has increased. In the Lower House lower-grade civil servants have replaced their chiefs. From 1870 to 1910 the percentage of manufacturers, bank directors, etc., in the Upper House fluctuated between 20 per cent. and 25 per cent., but it has now fallen to about 10 per cent.; in the Lower House it was about 10 per cent. and has now fallen to 4 per cent. There are a considerable number of trade union representatives among the Labour members in each Chamber.

Journalists are numerous in both Houses. No less than 20 leading Social Democratic publications are now represented in the Riksdag. No doctor and few lawyers sit in either House. The absence of lawyers is in striking contrast to the American Congress where 64 per cent. of the members belong to that profession, and to the French Parliament where they form a large percentage of the members even among the parties of the Left. The Social Democrats have a large proportion of the members of the teaching profession in both Chambers; fifteen farmers and smallholders and six farm and forest workers among their numbers in the Lower House illustrate the strength of the party's agricultural vote.

Support for the parties varies in different parts of the country. The Social Democrats are most powerful in the small industrial towns, in the timber areas of the north, and in the extreme south in the rich agricultural province of Skåne, the Premier's birthplace. In Stockholm and Göteborg they have a large vote, but only just a majority of those cast. The three Left splinter parties are all about equally strong in Stockholm. The "Socialist" Party (I.L.P.) draws its chief support from the iron mining areas of the far north, and the Communists from the Göteborg area. The Farmers' support is fairly widely distributed but is greatest in Central Sweden. The People's Party is strong in Stockholm and neighbourhood, while the Conservatives, generally spread over the country, get their greatest backing from the central belt of cultivated land between Göteborg and Stockholm. The Fascist voters are confined to the big towns and West Sweden.

THE OUTLOOK FOR SWEDEN

The political system appears to be remarkably stable in Sweden. The chief threat comes from the Right. The two Fascist parties have made little headway, but Fascist ideas, as elsewhere, have found willing converts in the ranks of the "haves." Sympathy for Germany is strong among businessmen; Right papers have made clear their support of Franco in Spain; army officers would certainly be unwilling to fight Germany even in a League War. The fact that the rich are small in numbers, however, is likely to keep the Conservative Party loyal to democratic government save in the unlikely event of the Labour Party adopting a policy of confiscation. The regular army is small, and its 2000 officers are chiefly engaged in training the short-service conscripts. The country is too large for it to attempt a *coup d'état* with any chance of success. Another bad slump might be followed by a growth of both Fascism and Communism if the Labour Party failed to deal with it. So long as the standard of living continues to rise, the trade unions increase their already strong hold over industry and the co-operatives checkmate private monopolies, the Social Democrats will grow more powerful and be in a better position to meet attacks on parliamentary government should they arise.

Foreign intervention could easily alter the situation. German assistance might be given to a Fascist revolt. This is not likely unless there is a general conflagration. All parties in Sweden are anxious to keep out of war, but it is realized that Swedish iron ore and timber resources would be useful to a combatant. A moderate rearmament programme has now been carried through to frighten off a sudden aggression. It is not thought possible to defend the country against attack by a Great Power single-handed, but it is hoped that Swedish arms could hold up the invaders until assistance came from outside. The fact that the resources mentioned are in the far north would make it difficult for most invaders to reach them quickly. Thus a slump or world war might have profound effects on the political future of Sweden. What these would be depends upon whether the Labour Party were able to rise to the situation.

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4. TRADE UNIONS

By H. D. HUGHES

CAPITALISM on a large scale came to Sweden in the latter half of the nineteenth century, and it found the workers unprepared to defend themselves against the new conditions imposed upon them. In 1846 the old guild system was abolished and "industrial freedom" was proclaimed, but it was another fifty years before the formation of the National Trade Union Centre in 1898 firmly established the workers' "right of association." As in England, industrial action preceded political, and it was the "aristocracy of labour" which led the way. The first organizations were really friendly societies rather than trade unions in the modern sense, and the official objects of the oldest of them, the Printers' Union, founded in 1846, were the inculcation of "usefulness and piety" in its members. But co-operation in schemes of mutual insurance led to the realization of other common interests. The example of the printers, bookbinders (1872), hatters (1874), and cabinet-makers (1876) was followed by wider sections of the working class with a blunter and more direct method of approach, and in 1873 the Journeymen Bakers' Union of Stockholm conducted a successful strike to curtail night work.

While the more fortunate sections of the manual workers were engaged in mutual instruction and encouragement, things were moving rapidly amongst the great unwashed. Eking out an existence on wages of a few pence a day, and with neither the money nor the education to form a permanent association, the pressure of economic conditions drove the unskilled workers to defend their scanty rights by what means they could. Spontaneous strikes among saw-mill workers and building workers took place, and the army and navy were called in to safeguard the interests of the employers.

But any attempt at permanent organization was still restricted

to the higher grades of skilled workers, and took the form of restricted trade societies in each locality with very limited ends of social amelioration and industrial peace. It was not long, however, before it was realized that the new movement was not merely a method of co-operating to provide the needs of sickness and of death, but was the organizational expression of the birth of a new class, which would some day make a bid for the control of the life of the State itself. In 1883 the societies in Stockholm combined to set up a Central Committee or "Trades Council" with a programme unlike anything as yet attempted. In addition to strictly "industrial demands"—the Ten-Hour Day, the regulation of factory conditions, etc., which were to be secured as far as possible through conciliation machinery—universal suffrage was demanded both as a right and as a means to securing better education, the reform of taxation, and the institution of temperance. Liberal as this programme was, it was realized that it was not likely to be achieved without the creation of an independent political party to advance the views of organized labour. Six years later (1889), a Congress met to inaugurate the Social Democratic Party. The first national trade unions on modern lines of organization were the Compositors' and Postmen's Unions founded in 1886. During the next ten years, unions of this type were formed with great rapidity, and in 1898 the Swedish Trade Union Centre (*Landsorganisationen*) was set up for purposes of mutual defence. Its affiliated membership at the beginning of 1900 was 43,575 workers, a figure which rose to nearly 200,000 in 1908.

The end of 1908, however, was marked by a serious trade depression, which plunged the movement into one of the most difficult crises of its history. Membership fell, and the employers took advantage of the situation to declare numerous small lock-outs, by which they hoped to divide the movement. The Centre heroically responded by proclaiming a general strike, which cost the Employers' Association 10 million kr. in relief to its members. Under the circumstances, however, victory was hopeless, and the strike was followed by black-listing and victimization which reduced the membership of the Centre to 85,000 in 1910. The figures rose steadily, reaching 280,000 in 1920, about 640,000 in 1932 when the Social Democrats took office, and 701,000 in 1936.

The latest available figures are those for 31st March 1938, and these show that the rise in membership is being well maintained in the present period of improving conditions: 42 unions affiliated to the Centre, with 7162 branches, have a total membership of 726,133 men and 129,087 women. The grand total of 855,220 comprises 14 per cent. of the whole population of the country.

The details of membership are given on page 59. To them may be added the numbers of a few independent unions (*e.g.* engine-drivers, customs officials), 35,000 members of the Syndicalist unions, and the "black-coated" organizations which work in friendly relation with the T.U.C.¹

The Syndicalist unions claim to act as a "ginger" body pricking the main movement into activity. They attack the latter for its complacency and over-centralization, and its links with the Social Democratic Party. They are, however, losing strength, as many "militants" feel that better results can be obtained by working to influence the mass unions from within.

The position is weakest in the rural areas, owing to the difficulties of organizing the scattered and seasonal labour of agricultural labourers and forestry workers. Here the task is divided among four unions, the Sawmill Workers', the Road and Waterway Workers', the Agricultural Labourers', and the Forest and Lumber Workers'. There is naturally a considerable degree of duplication, and local branches tend to change their allegiance from one to another. Membership is static or even diminishing, though conditions are bad and the branches militant. The fact that one area in 1936 was successful in gaining a 25-30 per cent. wage increase indicates both the absence of and the need for organization in this field.

ORGANIZATION

The table given opposite shows that there are now 41 unions affiliated to the Centre, varying greatly in size and composition. The early unions in the nineteenth century were narrow and exclusive craft unions, but as the movement grew and came up against federated employers' organizations a new tendency

¹ DACO (The Central Organization of Employees) with 30,000-40,000 members. T.C.O. (the Public Clerks Central Organization), recently formed.

TRADE UNIONS

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MEMBERSHIP AT 31ST MARCH 1938

	Local Trade Unions	Men	Women	Total
Clothing Trade Workers' Union	90	4,304	19,906	24,210
Platers' Union	58	2,614	..	2,614
Bookbinders' Union	41	2,319	4,463	6,782
Brewery Industrial Workers' Union	115	5,151	1,515	6,666
Building Carpenters' Union	346	32,101	..	32,101
The United Unions (Leather, Rubber and Chemical Industries) .	70	7,692	3,468	11,160
Electricians' Union	140	8,758	..	8,758
Barbers' Assistants' Union . . .	38	1,625	1,049	2,674
Union of Civil Staffs of Defence Offices	39	4,164	1,579	5,743
Union of Insurance Functionaries .	78	1,816	255	2,071
Foundry-workers' Union	128	8,858	..	8,858
Unskilled and Factory-hands' Union	675	70,672	8,827	79,499
Mining Industrial Workers' Union	59	8,521	50	8,571
Union of Commercial and Clerical Employees	247	21,096	12,384	33,480
Union of Hotel and Restaurant Staffs	106	3,251	11,772	15,023
Railwaymen's Union	256	37,235	847	38,082
Tileworkers' Union	4	391	192	583
Municipal Workers' Union . . .	276	29,339	9,132	38,471
Agricultural Labourers' Union . .	639	35,678	582	36,260
Lithographers' Union	20	2,393	142	2,535
Food-workers' Union	139	17,221	7,271	24,492
Metal-workers' Union	309	142,865	8,185	151,050
Bricklayers' Union	165	10,536	..	10,536
Painters' Union	193	13,403	2	13,405
Paper Industrial Workers' Union .	163	35,201	1,903	37,104
Postmen's Union	49	7,908	277	8,185
Saddlers' and Upholsterers' Union	49	2,244	526	2,770
Mental Hospital Staffs' Union . .	23	1,739	1,840	3,579
Seamen's Union	42	10,599	..	10,599
Shoe and Leather Workers' Union	61	7,012	4,312	11,324
Forests and Lumber-workers' Union	911	41,005	..	41,005
Chimney-sweeps' Union	11	531	..	531
Stone Industrial Workers' Union .	168	9,030	..	9,030
Sawmill Workers' Union	309	27,199	13	27,212
Telegraph and Telephone Workers' Union	68	6,889	1,716	8,605
Textile Workers' Union	91	14,570	20,832	35,402
Tobacco Industrial Workers' Union	10	562	1,906	2,468
Transport Workers' Union	243	30,132	2,849	32,981
Wood Industrial Workers' Union .	310	23,445	540	23,985
Compositors' Union	104	10,342	567	10,909
Road and Waterway Workers' Union	295	21,689	..	21,689
Door-keepers' Union	24	4,033	185	4,218
Total	7,162	726,133	129,087	855,220

towards unification on "industrial" lines made its appearance. In 1908 there were 8 unions in the metal industry, while the employers were united in the Swedish Engineering Association. At the Trade Union Congress the following year the metal workers proposed the complete reorganization of the movement on industrial lines. Trade unionists are not naturally receptive to new ideas, especially when these seem likely to involve their own positions, but Congress was induced to recommend "a gradual transition to purely industrial unions," and a committee was appointed to prepare a scheme. Reorganization on industrial lines has remained a cardinal point of policy of the Centre from that date, but in practice it has had but varying success. The committee reported in 1912, and proposed to reduce the number of separate organizations from 41 to 22. Each union was to cover all the workers in a given industry, from skilled craftsman to office boy, and thus greatly simplify the procedure of negotiating collective agreements, which necessarily was on an industrial basis. Congress approved, and departed its several ways with instructions to reorganize and amalgamate.

Rapid developments took place during the war and in the early post-war years, but unification was not one of them, and by 1923 all the old separate unions remained and 19 new ones had been added. A revised scheme of reorganization was adopted in 1925 after lengthy discussions between the Secretariat and representatives of individual unions, and this scheme remains the platform of the Centre today.

It was realized that the task was a difficult one, likely to disturb many prejudices and privileges, and where amalgamation was not possible "cartel" agreements between different unions covering common industries were recognized. Demarcation disputes were to be submitted to discussion before representatives of the Centre, and full arbitration machinery was established for use in difficult cases.

As a result of this there has been a slow but steady drift towards industrial unionism, and about 67 per cent. of the membership affiliated to the Centre is now organized on these lines.

As will be gathered from the preceding section, the Trade Union Centre has only very limited powers of control over the

policy of individual unions, except in cases where its financial assistance is required. It was formed as a defensive organization, and this remains its primary function, though with the growth of the movement it has already assumed important tasks of co-ordination between its members, in addition to the provision of legal assistance, financial aid for social democratic newspapers, the building of "People's Houses," etc.

A committee has been appointed to consider giving to the Centre the power in certain cases of supporting aggressive as well as defensive industrial action. This would give it a far greater control than at present over the policy of its affiliated members.

Each affiliated union pays 40 öre per member per month to the Centre, which in December 1935 had a fighting reserve fund of 11 million kr. and a total capital fund of 16 million, in addition to 70 million kr. in the funds of the separate unions. The following account of the Centre's expenditure since its foundation gives an interesting idea of the relative importance of these various activities:

	Kronor.	Per cent.
Wage movements and labour conflicts . . .	16,147,935 94	55 00
Legal assistance and law-suit costs . . .	79,261.05	0.27
Archive and enlightenment work . . .	1,229,693.31	4.19
Contributions to other countries . . .	3,246,128 44	11 06
Relief assistance to other countries . . .	1,037,588.39	3.53
Management and congress expenses . . .	3,279,972 53	11.17
Magazine <i>The Trade Union Movement</i> . . .	338,428.90	1.15
Personal benefits	598,005.85	2.04
Agitation expenses	950,183.64	3.24
Printed matter	431,000 02	1.47
Other expenses (loans written off, etc) . . .	2,019,344.53	6 88
Total . . .	29,357,542.60	100.00

The day-to-day activities of the Centre are controlled by an Executive of 11, appointed by the quinquennial Congress, which consists of 250 representatives, appointed by the unions in proportion to their membership. The Swedes are a patient people, for every organization from the Communist Party rightwards is content with long intervals between its Congresses. The power of the Executive is thereby enormously strengthened, to an extent which a rank-and-filer in the British Labour Move-

ment would consider dangerously undemocratic. In the intervals between Congresses, annual meetings of a smaller body on which the unions are represented in the same proportions are held.

Under the Centre in the localities are Trades Councils to which the local sections of the unions affiliated to the Centre may adhere. These councils exist purely for the purposes of propaganda for trade unionism and of education. Meetings and lectures are organized, and while no direct political affiliation is acknowledged, the Stockholm Trades Council has been responsible for campaigns for Abyssinia and Spain, and for May 1st demonstrations in conjunction with the Social Democratic Party. Some of the larger Trades Councils also have unemployment funds in addition to those of the State and individual unions.

It is the latter organizations which are the core of the Swedish Labour Movement. They are the bodies which negotiate collective agreements, control aggressive industrial movements, and administer the bulk of social insurance in Sweden. Here, again, greater democracy could be desired—Congresses, where held, are at intervals of three to five years. On this point I refer to the authority of Walter Åman, one of the Secretaries of the Centre, in a lecture delivered to the Summer School of the I.F.T.U. at Brunnsvik in 1937.

“When it is a question of the most important department of the Trade Union Movement, the collaboration of the organizations in fixing working and wage conditions, the decision lies with the managements of the unions. The members are allowed to vote, but this voting is sometimes only of a consultative nature. In difficult situations it even happens that the union managements conclude agreements which have been turned down by the members in voting. The Swedish Trade Union Movement can therefore be said to be centralized to a degree, and this centralization is also necessary because of the fact that it sometimes happens that only a small number of the members vote.”

The basic units of the movement are the local branches of the unions. An industrial union may have several of these in each of their sections in which the different grades of workers

covered by the union are grouped. In areas of large-scale industry, factory groups are organized subject to the local branch.

POLITICAL AFFILIATION

It is through the local branches, and not the national unions, that the Swedish Trade Union Movement is linked with the Social Democratic Party. At its inauguration in 1898 the Centre had declared affiliation to the Social Democratic Party compulsory for all its members, and though this was never operative, the Rules of the Centre instructed it "to work for the affiliation of every local trade union branch to the Arbetarekommun (D.L.P.)." In 1909 this clause was replaced by a vaguer declaration affirming "moral solidarity" with the Social Democratic Party "as the natural and competent body to deal with the political aspirations of the Swedish working class." This is still valid and amply implemented in practice. The Trade Union Centre and individual unions subscribe generously to party funds while demanding no direct control of party policy. It is pleasant to turn from a British Labour Party Conference where card votes of 100,000 upwards have carried every issue at the bidding of trade union leaders, to note that in Sweden trade unionists count only as individuals within the political party. Each local section affiliates to the local party on the basis of all its membership with the exception of those who specifically desire to contract out. These latter receive no financial benefit from so doing, for the fee which would have been paid on their behalf to the party remains in the coffers of the union. The Swedish Labour Movement is not as yet hampered by any crippling Trade Union Act. Members of the union who have not contracted out become individual members of the party through the affiliation of their section, with the right to attend and vote at its meetings. On this basis, Mr. Ernest Bevin, were he a Swede, would find himself at the party Conference only a constituency party delegate, with a few hundred votes instead of his present 300,000. Here the British Labour Movement has much to learn from Sweden. The Swedish system enables the politically conscious trade unionist to exercise his rightful influence in the political Labour Movement, while avoiding

the evil of allowing masses of votes to be cast on political issues on behalf of unionists who have never been inside a Labour meeting or committee room.

INDUSTRIAL POLICY

Swedish Trade Unionism is essentially "reformist" in character. Socialization as an aim has largely been dropped from union programmes—the Paper-mill Workers were the last to remove it from their preamble, as the result of a campaign in which the *Socialdemokraten*, the official organ of the Stockholm Party, wrote that "it was time this revolutionary rubbish disappeared." Svensson, Secretary of the Metalworkers since the war, was openly opposed in conversation to nationalization—there was no union scheme and a Royal Commission on the subject had sat for twelve years without result and then dissolved.

The industrial policy of the movement is restricted to securing the best economic conditions for their membership that are possible without disturbing the existing social and economic system. Having lessened to some extent the margin between profits and wages, they hold that any further advance must be made through increased production by rationalization, etc., and the Centre has appointed a committee to consider this problem. Industrial disputes in Sweden are controlled by an extremely elaborate system of collective agreements, covering the whole field of wages, hours and conditions, and operated according to the law of 1st January 1929. These agreements terminate and are revised periodically, but during their term of validity it is illegal for members of the union concerned to strike to alter any of the terms, though they may strike to improve conditions not regulated by the agreement. Sympathetic strikes are allowed—another right which the English worker lost with the passing of the last Trade Union Act. In 1935 there were in existence 8583 agreements, covering 38,108 employers and 675,852 workers. Interpretation and enforcement of these agreements is the responsibility of the Industrial Court, on which are represented State, workers and employers. The Trade Union leaders at least seem well satisfied with this system, except that the Industrial Court upholds the right of the employer to dismiss workers at will,

a relic from the days of *laissez-faire*. Strikes are also regulated by a law of 1935, ordering 7 days' notice to be given to employer and to the Government arbitration—in the district. On the other hand, the right of association is guaranteed by a law of 1937, and the Government programme for 1938 includes the repeal of a law of 1899 imposing severe penalties on anyone forcing another to participate in a strike.

The trade unions are also responsible for the administration of unemployment insurance. There is no compulsory State unemployment insurance, though a voluntary scheme was introduced by the Social Democratic Government. Prior to this, individual unions had instituted schemes for their own members; and there was much opposition to what was regarded as State interference. Many unions still retain their own schemes in preference to operating the State scheme, which has rather stricter regulations. A worker leaving his employment on his own volition would receive nothing under the State scheme, and the State insists that workers receiving benefit should accept any work offered to them providing that trade union conditions are complied with. A number of unions have, however, come into the State scheme, and operate the fund not only for their own members but for the whole of the trade or industry concerned.

A real danger which faces the Swedish Trade Union Movement is that it may become so tied to a State which is still far from Socialist that if the present progressive control should be replaced by reaction it will be powerless to resist. Already it is part of the State machinery of social insurance, and its industrial action is narrowly defined by law administered by a State tribunal. Trade unionists in this country accuse the unions in the U.S.S.R. of becoming part of the administrative machinery of the Government—in a country where capitalism survives it is a far more serious accusation.

SOURCES

Most of the information was derived from interviews with Swedish Trade Union leaders and from the report of a lecture on *The History and Organization of the Swedish Trade Union Movement* delivered at the Summer Course of the I.F.T.U. at Brunnsvik in

1937 by Walter Åman, Secretary to the Swedish Confederation of Trade Unions.

There is a small pamphlet in English on the *Trade Union Movement in Sweden* by Johansson, published by the I.F.T.U. A certain amount of information can be obtained from the *Bulletin* of the I.F.T.U.

Ratzlaff, *The Scandinavian Unemployment Relief Program*, has a section on the attitude of the Swedish Unions to social insurance.

5. BUDGETARY POLICY

By GEOFFREY WILSON

As in so many other matters, the return to office in 1932 of the Social Democratic Party produced startling changes in Swedish public finance. Up to that time its outward appearance at any rate had been one of eminent respectability, though the raiding of special funds to produce a balanced Budget was no more unknown than it has been at various times in England. But the main principles were simple and orthodox: the Budget must balance each year, and by a fundamental and long-established rule borrowing for unremunerative objects was not allowed. Since 1932 these two principles have been deliberately abandoned, and it is doubtful if they will ever reappear.

The student of Swedish policy finds himself in some difficulty in the matter of statistics. It is not unusual for two or more sets of tables, which purport to give the same figures, to differ considerably from one another, and after a glut of statistical information which appeared about 1935, and which dealt in great detail with every aspect of the crisis policy, a lull set in and still continues. The result is that figures which, up to 1935, had been extracted and collated with the utmost care by Swedish statisticians, have not been brought up to date and are virtually impossible to obtain. These difficulties have made it necessary, as far as possible, to rely on one set of figures only, and the ones selected are the Budget estimates, published each year. Naturally these differ somewhat from the figures shown at the end of the financial year, but the differences are trifling, and the estimates show clearly the aims which the Government has from time to time attempted to pursue.

ANALYSIS OF THE BUDGET

The Budget is divided into current account and capital account, and the amount of capital raised by loan is differenti-

ated from that raised out of revenue. Some idea of the relative importance of the various items can be gained from the following outline of the estimates for the current year, 1937/38:

TABLE I
(Figures given in millions of kronor)

<i>Revenue</i>		<i>Expenditure</i>	
Taxes, customs, etc.	. 984	Current expenditure (including interest on National Debt)	. 1092
State enterprises and investments	. 156	Capital expenditure—	
Profit from Riksbank	. 1	(i) From loans	. 126
Realization of capital assets	48	(ii) From revenue	97
Loans	. 126		223
	<u>1315</u>		<u>1315</u>

For purposes of comparison, it may be stated that in 1934, when the Budget estimates amounted to 1000 million kr., the national income of Sweden was 7200 million kr.

The broad outline of the budgetary policy pursued by the Social Democratic Government can be stated quite simply. The slump, in Sweden as elsewhere, was accompanied by a sharp fall in private capital investment and a rise in unemployment from a monthly average of 10,000 in 1929 to 164,000 in 1933. It was the aim of the Government, besides providing work for an increased number of the unemployed, to counteract the fall in private investment by as large an increase as possible in Government investment, a policy which was pursued by increasing the capital expenditure item in the Budget, in spite of the temporary under-balancing which was thereby involved.

It is significant that no attempt was made to conceal or gloss over the startling departure from strict financial orthodoxy which was thereby involved. Huge public works schemes were inaugurated, which could not possibly be described as remunerative; in some cases the money was given in the form of grants, in other cases loaned free of interest, with no provision for repayment for a certain number of years. To meet the whole of such expenditure out of taxation was quite out

of the question, and had it even been attempted it would merely have led to a still further decline in private investment. The majority of the funds necessary were therefore raised by means of loans, and certain additional taxation was imposed to provide for the amortization of the loans within a short space of time. All this was quite openly explained by Wigforss, the Finance Minister, when he presented his Budget estimates for 1933/34; but in order to sugar the pill, certain reductions were made in current expenditure where economy would not have the same deflationary effect as it would have had in the case of curtailment of capital investment. At the same time, in order to ease the strain, capital expenditure financed out of revenue was reduced. The table given below shows the allocation for these three items during the past nine years.

TABLE 2
(Figures given in millions of kronor)

Year	Current Account	CAPITAL ACCOUNT		Total
		Financed by Loan	Financed from Revenue	
1929/30	689	34	27	750
1930/31	719	50	17	786
1931/32	761	73	22	856
1932/33	814	104	16	934
1933/34	720	269	7	996
1934/35	770	312	11	1093
1935/36	867	120	22	1009
1936/37	967	116	16	1099
1937/38	1092	126	29	1247

The figures for repayment of the national debt are omitted from the capital expenditure financed from revenue.

The change that was brought about can be seen from the fact that, while loan expenditure was less than 5 per cent. of total expenditure in 1929 and only 11 per cent. in 1932, for the crisis years of 1933 and 1934 it was about 27-29 per cent. respectively, and fell to 10 per cent. in 1937. The repayment of the national debt has been omitted from these figures, but its inclusion would make no material difference to them.

The main sources of revenue, as Table 3 (p. 71) indicates, have shown remarkable buoyancy throughout the cycle from 1929/30 to the present time. The fall in total income from these sources between 1929/30 and 1933/34 was only 11,000,000 kr., and though the taxes on income and property, customs, railways and domains showed substantial declines, the motor-car tax yielded an additional 30,000,000 kr. and the alcoholic drinks tax, thanks to sharp increases in the rate of taxation, an additional 49,000,000 kr. The revenue from the other three State businesses, the post office, telegraphs and water-works, actually increased. Since 1933/34 the revenue from all sources has increased by over 300,000,000 kr., or nearly 50 per cent. This is in part due to an increased yield on every form of tax, and the recovery to normal of the customs, but it is largely accounted for by a rise in the rates of income and super tax, and the imposition of a special tax on real property, which yielded 12,000,000 kr. in 1934/35, its first year, and 15,000,000 kr. in 1937/38. For reasons which will be explained later, there has been no remission of taxation during the boom, and the revenue has therefore reflected fairly accurately the increasing prosperity of the country.

The money which was raised by loan in 1933 and the following years was used to finance the public works programme which is described elsewhere in this volume.¹ Loans to the State businesses increased from 20 million kr. in 1929 to 48 million in 1932, and 79 million in 1933, fell during the following years, but rose again in 1937 to 77 million. But this was all remunerative investment, and in this respect the new policy differed from earlier practice only in degree. It was in the provision of loans for public works that the real innovation was made.

The way in which these works have been financed is shown in Table 4 (p. 72). In the crisis years of 1933 and 1934 the expansion was met from the fund for advances to State departments, the chief departments being Defence, Social, Communications, Education, Agriculture and Commerce. Since that time similar expenditure has been incurred, but it has been met either out of the ordinary budget of the department concerned, or out of the Government loans, which have shown a very substantial increase from 1935 onwards.

¹ See Chapter 6.

TABLE 3

(Figures given in millions of kronor)

	1929/30	1930/31	1931/32	1932/33	1933/34	1934/35	1935/36	1936/37	1937/38
TAXES, CUSTOMS AND EXCISE									
Income and property tax	149	160	158	133.5	129	146	160	208	242.5
Stamp duties	52	52	53	45	52	55	57	63	65
Motor car tax	42	47	60	80	72	75	88	103	106
Customs	153	142	138	148	117	121	137	152	165
Tobacco tax	66	63	67	70	73	75	79	85	92
Alcoholic drink taxes	98	102.5	109	140	147	156	167	163	172
STATE PRODUCTIVE FUNDS									
Post Office	14.5	13	15	13.5	15.5	17.5	18.5	20	18
Telegraphs	21	23	23.5	25	26.5	31	33	35	34
Railways	40	36	26	18	3	12	26	36	30
Waterworks	15	16	16	16	17	17.5	19	20	21
Domains	12	14	9	3.5	3.5	10	12	10	15.5
Luossavaara-kitzunaraara Iron Ore Co.	12	13	6	..	..	..	..	20	13.5
Tobacco Monopoly	4	8	2	2	12	2	12	2	2
	678.5	689	682	694	667	718	808	917	976

These are, as has been stated, the figures which appear in the budget estimates, but, except in isolated cases, they do not differ materially from the figures obtained at the end of the financial year.

TABLE 4
Government Loans and Advances
 (In millions of kronor)

Year	GOVERNMENT FUNDS		FUNDS FOR ADVANCES TO STATE DEPARTMENTS	
	Raised from Loans	Raised from other Revenue	Raised from Loans	Raised from other Revenue
1929/30	9.1	1.5	.2	—
1930/31	14.9	2.4	.7	—
1931/32	11.2	2.5	.4	3.5
1932/33	11.9	1.7	14.2	—
1933/34	22.6	3.0	168.1	—
1934/35	18.5	7.5	226.3	—
1935/36	48.1	9.7	¹	¹
1936/37	43.9	6.8	9.3	—
1937/38	25.3	12.7	12.6	—

¹ This item does not appear at all for the year 1935/36.

So far as the advances of 168 and 226 million kr. in 1933 and 1934 were concerned, additional taxation in the form of increases in death duties, stamp duties, the duties on donations and a new surtax, was imposed to provide for the amortization of the advances within a few years, and so successful has this policy been that the entire sum has already been repaid. Against the expenditure on Government loans must be set the item on the revenue side representing the repayment of loans and the interest received on those that are outstanding. Although some of the loans in fact yield no interest and the repayments of others are merely nominal, the income from this source is about 14 million kr. a year, which, together with the profits from the State businesses and interest-yielding funds has been far more than sufficient, except in 1933/34, when there was a deficit, to cover the interest payments on the national debt.

THE POLICY OF THE SOCIAL DEMOCRATS

The Government has come in for a good deal of criticism for not having reduced taxation during the boom from the level

to which it was raised during the slump in order to make ends meet. This was partly due to the necessity for repaying quickly the money raised in 1933 and 1934 for the unemployment programme, partly to the fact that a reduction of taxes would not help to prevent a possible over-expansion but would rather tend to have the opposite effect. But the main reason is the vast increases which the Social Democrats, with the approval of most of the country, have made in the social services. In so far as it is possible to redistribute wealth by means of the Budget, the Social Democrats have endeavoured to do so, and the figures given in Table 5 show the increases that have been made.

TABLE 5
(In millions of kronor)

Year	Social Department	Com- munications	Education	Agriculture	Defence
1929/30	107	63	143	29	133
1933/34	121	85	146	47	103
1937/38	288	119	197	74	174

It will be seen that the Social Department has more than doubled its activities since the Social Democrats obtained power, largely because of the old age pension reform voted by the Riksdag in 1936, while the expenditure on agriculture is more than two and a half times as great. The increase in defence expenditure reflects the insecurity which even Sweden feels from the present unsettled state of Europe. As Wigforss says :¹

"If the Swedish nation had declared through its representatives in the Riksdag that it was prepared to do without all this, there would have been no difficulty in lowering or even abolishing a number of taxes. . . . But you cannot eat your cake and have it too. . . . You cannot turn the improved Budget situation of this prosperous period to

¹ June 1937 number of the *S.A.P. Information* (published by the Information Section of the Swedish Social Democratic Party).

account in the form of increased State expenditure and still have a surplus available for lowering taxation."

It has often been said that Wigforss's success in managing Sweden's State finances was largely due to luck. Wigforss's reply to this is that luck has generally been considered an honourable quality in a statesman, and this element has not been more marked in any instance than in the circumstances which enabled Sweden to avoid the evils of deflation. It will already be plain that so far as the Government was concerned, purchasing power was maintained throughout the crisis, and increased when the Social Democrats took over. Nor was there any attack on wages. New wage agreements in Sweden are generally made in the autumn, and in the autumn of 1930 the depression had not arrived. Consequently there was no attempt to lower wages. In 1931 Sweden left the gold standard, and the widespread fears of inflation made it difficult to press for wage reductions. In the autumn of 1932 the Social Democrats came into office, again with the result that wage rates were maintained. Steps were also taken to prevent any fall in agricultural prices, and the effect of this combination of good luck and good management was that the country was able to emerge from the depression with less hardship than would have been incurred had there been any substantial deflation.

Perhaps the best indication of the magnitude of the Government's attempt to stimulate economic recovery by means of the Budget is the fact that, while total investment fell by about 550 million kr. from 1930 to 1933, governmental investment during the same period rose by some 300 million kr. Had it not been for this enormous investment by the Government there can be little doubt that the depression would have had far more serious effects in Sweden.

THE BUDGET AND THE TRADE CYCLE

The principle underlying the Government's financial policy is that the aim of the annual Budget can and should be not merely to balance current revenue against current expenditure, but rather to exercise a stabilizing influence upon the whole economic life of the country. When trade is bad, private profit-making concerns may find interest rates such that

capital expenditure is virtually impossible, but the Government is not affected by the same considerations. The figures given in the last paragraph are an indication of what a Government, with the necessary determination and imagination, can accomplish in counteracting the normal workings of capitalist economics, and the outstanding feature of Swedish budgetary policy during recent years has been its deliberate use as an instrument to even out the peaks and depressions of the trade cycle.

How far that policy will succeed it is as yet impossible to say. It has hitherto been applied only at a moment when the recovery in the export trades was already heralding the beginning of an upward trend, and during the succeeding boom. That the upward trend was thereby greatly accelerated it is impossible to deny, but the continuation of both current and capital expenditure at the present high level may produce difficulties in the future. Wigforss is no doubt right in principle when he says that "a boom means, or should mean, full employment for the forces of production, and such a state must be regarded as the desired normal state." But the higher Government expenditure is maintained during periods of boom, the more difficult will it become to increase it during periods of slump. If the world demand for wood pulp and high-grade iron ore continues at its present level, Sweden has little to fear. But if that demand should increase, Sweden's economic position might well become difficult, and an increase in Government investment would be necessary. There are, however, ample indications of long-term planning of public works to meet any such contingency, and an expansion of the scope of the State businesses is a possibility in such circumstances.

A BREAK WITH ORTHODOXY

If the Budget is to be used effectively as an instrument of economic policy, and large-scale borrowing is resorted to during periods of depression, it is impossible to balance it for each year, good and bad alike. In bad years there will be an excess of expenditure over revenue, and the deficit must be met by means of loans. During good years, revenue will exceed expenditure, and the surplus will be used to repay the loans incurred during the bad years. That is the principle upon

which the present budgetary policy of Sweden is based. Provided the Budget balances over a period of years between the peaks of the trade cycle, it is relatively unimportant whether or not it balances for any given year. The theory is that loans should be raised during the downward trend of the trade cycle in order to finance an expansionist policy, and should be repaid out of income during the upward trend of the cycle, and Swedish experience tends to show that there are no insuperable difficulties in adopting a policy of this kind. Though Professor Cassel remains an unrelenting critic of so unorthodox a course, it is encouraging to have the approval of Bertil Ohlin, an eminent Swedish economist, who is in general a friendly critic of the influence claimed for the public works programme.

"Nothing in Swedish experience," he writes, "either with regard to production or with regard to interest rates, contradicts the opinion that in financially strong countries it is sound and practicable to resort to large-scale borrowing during periods of depression. The idea that the Budget must be balanced *each year*, and that otherwise inflation is bound to ensue, is one of those popular maxims which are true in certain circumstances but not in others. The fact that they have been preached as a general gospel without qualifications, especially by bankers, has done much harm. For if an economic policy is believed to be unsound, the practice of it cannot fail to call forth certain unfavourable 'confidence reactions.' In Sweden, particularly, influences of this kind have been very slight. It is wise to learn the lesson of recent experience that intelligent and sound public finance does not require the Budget to be balanced each year, but only over a number of years, including both good and bad business conditions."¹

Swedish experience would seem to establish conclusively that to borrow during a depression will not inevitably lead to disaster, so long as steps are taken to liquidate the loans during the succeeding boom. That such a policy will also accelerate a trade revival seems to be fairly certain. But the main question still remains open, that is, to what extent the depression can be averted altogether by means of budgetary policy. The

¹ *International Labour Review*, vol. xxxi. No. 5, May 1935, p. 685.

time-table of events in Sweden during the past eight years makes it impossible to answer that question from experience, but it cannot be disputed that henceforward budgetary policy will play a far greater part in the country's economic life than it has ever done before.

SOURCES

Bertil Ohlin, "Economic Recovery and Labour Market Problems in Sweden," *International Labour Review*, vol. xxxi. 4 and 5, April and May 1935.

R. Brinley Thomas, *Monetary Policy and Crises*, 1936.

Organization of Communications and Transit. National Public Works. Addendum. 1935.

Betänkande med Utredning och Förslag Rörande Beredskapssarbeten. Stockholm, 1937.

POSTSCRIPT

EMERGENCY BUDGET

The measures of the Social Democrats, it has been said, came too late to do any more than hasten recovery from the last slump. The Government intends to be in time in the future, and is making careful preparations already to apply, when the need arrives, the schemes of public works which have been recommended for use in case of another depression by its committee of enquiry.¹

The uncertainty of the economic outlook caused the Finance Minister, when he introduced his 1938-39 budget, to announce that he would present to the Riksdag within a few months an "emergency budget" or "preparedness budget." This he did in April. It amounted to a schedule of necessary but not urgent public works which might be undertaken in the event of a slump, and was based on the reports of the committee mentioned above. Like an ordinary budget, it was divided into current and capital expenditure, the former amounting to nearly 156 million kr. and the latter to 75 million. The Government are to decide whether and when these or any of the items may be carried out, and further may cover their cost from liquid resources or by loans (since there are no provisions in the "emergency budget" for revenue to cover the schemes proposed) until it can obtain retrospective sanction from the Riksdag.

¹ See pages 94-5.

6. PUBLIC WORKS POLICY

By GEOFFREY WILSON

THE advent of the Social Democratic Government in Sweden in 1932 was responsible for a fundamental change in the attitude to public works. It is true that even before then, Sweden had had more experience in that field than most countries, but there had been little or none of the conscious planning that has since been the objective of Swedish policy. It had long been the practice to create work for the unemployed as far as possible, rather than provide relief, but there is little evidence to indicate that this provision of work played any integral part in the Government's economic policy. The change which was brought about in 1933 was to make the unemployment policy of public works a vital factor in the wider policy of deliberately stimulating economic recovery.

Yet the subsequent developments were so intimately bound up with what had gone before that it is not possible to understand them fully without some account of what had been done prior to 1933.

UNEMPLOYMENT RELIEF BEFORE 1933

Unemployment always had been and was up to 1933 regarded as primarily a communal rather than a national interest, but in 1914 the State Unemployment Commission was set up, and after 1924 it was the one central authority solely responsible for unemployment policy. It was attached to the Ministry of Social Affairs, whose function it was to organize and direct action for the relief of the unemployed. Communal Unemployment Committees appointed by the local authorities for each area were also set up to encourage or initiate local measures designed to prevent unemployment or attenuate its effects, and to recruit the necessary labour for the various works that

were put in hand. This organization has been maintained up to the present time.

In accordance with principles adopted for this relief action the primary aim was to provide work. Only where no work could be provided was pecuniary relief to be granted out of public funds. The intention was that the unemployed should, as far as possible, earn their own livelihood by participating in the execution of public works. These works—known as *reservarbeten* or relief works—were divided into three groups: State, State Communal and Communal.

State Relief Works—The Central Unemployment Commission which initiated and directed the execution of State relief works was required, in selecting such works, to follow certain principles, namely:

- (1) The work must be of utility to the State, the commune, or some other public institution, and must be justifiable on economic or cultural grounds, without, however, being of such urgency that it would, in any case, have had to be carried out in the near future.
- (2) The amount paid in wages must constitute a relatively large proportion of the total cost of the work.
- (3) The work must be such that any worker of normal capacity could be employed thereon.
- (4) The work must be such as could be continued during the winter.
- (5) It must be possible to undertake, abandon, extend or reduce the work, according to the extent of unemployment.

The types of work fulfilling these conditions which were most commonly adopted were the construction of roads (which accounted for about 80 per cent. of the total costs), railways, canals, harbours, hydro-electric installations, log-floating channels and sports grounds, together with land reclamation and forest improvements. As a rule, this work was done by direct labour, and the wages payable, both for skilled and unskilled labour, were fixed at about 15 per cent. below the minimum wage which an unskilled labourer could earn in the district in the open market. The object of this provision was to make relief work less attractive than ordinary employment,

but more attractive than pecuniary relief. Those who refused relief work that was offered to them were only entitled to relief on normal Poor Law conditions.

Labour for these works was recruited through the local unemployment committees. Thus if the Unemployment Commission started work in a district where insufficient labour was available locally, it would request the committee in one or more of the districts with a high percentage of unemployment to supply a given number of men. Single men would usually be selected, and they would be provided with free accommodation while on the job.

State Communal Relief Works—These works were initiated and directed by the local authorities, but financed, to a greater or less degree, by the State, through the Unemployment Commission. The intention was to encourage local authorities to undertake works which might otherwise have been impossible on account of the cost, and in fixing the amount of its contribution the Unemployment Commission gave consideration to three main factors: (a) the importance of the particular work to the State as distinct from its importance to the local authority; for example, the Unemployment Commission paid a greater proportion of the cost to Stockholm for the construction of the Bromma Airport than it would to the cost of a sports ground or bathing beach; (b) the local rate of taxation; and (c) the local unemployment position. The same rules as to the types of work to be undertaken and the wages to be paid applied as in the case of State relief works.

Communal Relief Works—These works were initiated, directed and financed by the local authorities themselves, and formed no part of the State, as distinct from municipal, unemployment policy.

Those of the unemployed who applied to the Unemployment Committee for help, and for whom no work could be provided, were given pecuniary relief. But by no means all the unemployed even applied. Assistance in any form was only given to those who were in actual need, and a rigorous means test was in operation. The result was that application for relief was only made by those who were, or thought they were, on the verge of destitution. Table 1 shows the proportion of those who applied for help who were given work and the

proportion who were given pecuniary relief. The fact that those assisted never rose above 64 per cent. of the applicants is mainly explained by the application of the means test, but partly also by the fact that some three weeks is occupied by investigations before any relief is given.¹

TABLE I
CLASSIFICATION OF UNEMPLOYED APPLYING TO
UNEMPLOYMENT COMMITTEES INTO THOSE GIVEN
RELIEF WORK AND THOSE GIVEN PECUNIARY RELIEF, 1924 TO
JUNE 1937.

Year	Relief Work		Pecuniary Relief		Total		Register Unem- ployed
	Number	Per cent of unem- ployed	Number	Per cent. of unem- ployed	Number	Percent	
1924 .	3,563	38.6	305	3.3	3,868	41.9	9,241
1925 .	4,727	31.8	416	2.8	5,143	34.6	14,882
1926 .	5,096	30.2	855	5.1	5,951	35.3	16,850
1927 .	6,052	31.5	1,959	10.2	8,011	41.7	19,229
1928 .	5,129	30.8	2,013	12.1	7,142	42.9	16,661
1929 .	3,623	35.5	1,101	10.8	4,724	46.3	10,212
1930 .	4,065	29.6	1,615	11.8	5,680	41.4	14,723
1931 .	13,817	29.7	7,074	15.2	20,891	44.9	46,540
1932 .	31,539	27.7	28,375	24.9	59,917	52.6	113,906
1933 Jan.-June	41,127	25.8	63,401	38.2	104,528	64.0	171,267
1933 July-Dec.	44,861	28.5	54,174	34.5	99,035	63.1	156,842
1934 .	41,208	38.5	32,106	28.1	73,314	66.6	114,802
1935 .	29,781	48.4	10,112	16.4	39,893	64.8	61,581
1936 .	16,065	49.2	7,863	18.5	23,928	67.7	35,344
1937 Jan.-June	11,253	47.5	6,362	26.9	17,615	74.4	23,676

A glance at these figures shows that, during the comparatively prosperous years between 1923 and 1932, the system worked fairly well, and the Unemployment Commission fulfilled its purpose of providing work for the unemployed rather than relief, but with the coming of the depression the system broke

¹ The figures given in the last column of the table are often quoted as representing the number of unemployed in Sweden. There are, however, no figures comparable to those in this country. The figures here quoted represent those people only who, being employable, are prepared to submit to a means test in order to obtain assistance. The actual unemployment figure is very much larger. The trade unions also publish figures of their members who are out of work, but they are also incomplete. In May 1937 the Unemployment Committee's figure was 15,840; the trade union figure was 51,903, representing 9.2 per cent. of the total membership. A census taken on August 31st, 1937, showed a total of 27,238 unemployed.

down. While unemployment rose from a monthly average of 46,500 in 1931 to 171,267 in the first half of 1933, the percentage of unemployed engaged on relief works fell from 29·7 to 25·8, whereas the percentage in receipt of relief rose from 15·2 to 38·2. It was quite apparent that the system of relief works did not possess sufficient elasticity to meet a sudden crisis. Too great a burden was being thrown on those local authorities with heavy unemployment, and they were forced to bear a disproportionate part of the cost of unemployment relief without receiving any subsidy from the Government. The restrictions placed on the types of work which might be selected also seriously limited the scope of relief works, even where there was money to pay for them, and, to an ever-increasing extent, relief had to be given in the form of money instead of work. Furthermore, incessant and justifiable criticism was directed against the wages policy by the whole of organized labour, which bitterly resented the fact that the unemployed were being paid less than trade union rates for work which could equally well have been done under open market conditions.

It would certainly be erroneous to regard the method of dealing with unemployment which has been described as a policy of public works. Its object was merely that of providing relief, and though one of the forms of relief provided—indeed the most important form, in theory at any rate—was employment on public works, it had no wider significance, and was not consciously regarded as forming any part of the economic or financial policy of the country. But it did mean that public works were already a well-established institution when the Labour Government came into power, and the transition from their utilization merely as a relief measure to their utilization as part of an economic policy was simplified on that account.

THE AIMS AND METHODS OF THE SOCIAL DEMOCRATS

The Government's task was further simplified by the fact that its public works programme had formed a major plank in the platform on which it won the election. The Social Democrats had realized the part which could be played by public works in providing employment, and careful plans had been drawn up to put into operation when occasion arose. These

plans had already been published, and were widely known, and the fact that they had a comprehensive scheme worked out for dealing with the unemployment problem was an important factor in the Social Democrats' electoral success.

From the outset, the Government's public works policy was directed to two objects—the immediate object of providing work for the unemployed rather than cash relief, and the ultimate but equally important object of stimulating recovery from the depression. But here a serious obstacle immediately presented itself. It was a cardinal principle of Swedish financial orthodoxy that the State should raise money by loan only for such purposes as would provide a return on the money expended. Other expenditure had to be met out of revenue, as had been the case with all the relief works up to this time. And in 1933 Sweden was hardly in a condition to raise by taxation enough money to finance an effective programme of public works. So financial orthodoxy was thrown to the winds and it was decided to provide the necessary money out of loans. The amount of money raised and the provisions for its repayment are considered elsewhere,¹ but some account must be given of the nature of the expansion.

In accordance with their fixed policy, it was the intention of the Social Democratic Party to bring the relief works, with their comparatively high costs and unsatisfactory wages provisions, to an end entirely, and replace them with a system of public works carried out under ordinary open market conditions. But the fact that they were only a minority Government made it impossible to carry through this scheme in its entirety, and the result was a compromise whereby, side by side with the relief works, the rigours of which were considerably modified, a new type of public works, known as *beredskapsarbeten*, was instituted. Large sums of money were granted by way of subsidy, loan or credit for the improvement of building, agriculture and forestry, and there was a substantial increase in the capital expenditure on the State businesses.

Relief Works—These were continued and in fact enlarged, but their conditions were modified in two main particulars:

- (1) It was no longer necessary that the work undertaken should be such as would not in any event have been

¹ See chapter on Budgetary Policy.

carried out in the near future under open market conditions, and work of utility to private persons might be undertaken, provided it was carried out by a public body.

- (2) Wages have been raised so as to be equal to, instead of less than, the lowest amount paid locally to an unskilled labourer.

Otherwise the rules in force relating to relief works were substantially the same as they had been previously, but the type of work was extended. The nature of the rules made it difficult to select any type of work other than such as consists of manual labour. As the depression deepened, however, unemployment and destitution reached the black-coated workers, who were entirely unsuited to manual labour, and a scheme was therefore adopted whereby such persons were given clerical work, such as cataloguing in libraries or museums.

The expansion which was budgeted for in the relief work programme is shown in Table 2.

TABLE 2
BUDGET ESTIMATES FOR RELIEF WORKS,
1929/30 to 1937/8
(In millions of kronor)

1929/30 . . .	2.8
1930/31 . . .	2.5
1931/32 . . .	10.0
1932/33 . . .	25.0
1933/34 . . .	60.0 (of which 5 were provided out of ordinary income and 55 out of loan in the unemploy- ment budget)
1934/35 . . .	55.0 (9 out of ordinary income, 46 out of loan in the unem- ployment budget)
1935/36 . . .	32.0
1936/37 . . .	22.0
1937/38 . . .	14.0

The second part of Table 1 shows the amount of assistance given by the Unemployment Commission and its local com-

mittees in the form of work and in the form of cash relief. A comparison with the first part of Table 1 shows that the Government lost no time in increasing the proportion of work provided and decreasing the proportion of cash relief given. This was in part due no doubt to the fact that the bottom of the depression had been reached by the time the programme got well under way, but it was mainly accounted for by the determined action of the Government in stimulating public works.

Advance Works—The Swedish word for these works is *beredskapsarbeten*, which properly means “preparation works”; and they are the most characteristic part of the new policy. They include two different types of expenditure, and illustrate the dual purpose of the Government in embarking on the new programme. They are operated directly by the Ministry of Social Affairs, and the Unemployment Commission has no concern with them.

Advance Works Proper—A tentative beginning in this field had already been made in 1931. The defects which have been mentioned in the system of relief works had led the authorities to decide on a few slight changes. For each of the budgetary years 1931/32 and 1932/33 the Riksdag placed at the Government's disposal a special credit of 3,000,000 kr. for the execution of public works intended to relieve unemployment. This money was to be spent on works which in any case would sooner or later have had to be executed through some central authority at public expense, and for which the Riksdag would in normal times have voted the credits demanded by the Government. These “advance works,” unlike the relief works, were not subject to any special rules, were carried out by contractors, not by direct labour, and the authorities concerned were allowed to carry them out in accordance with the methods followed for other works; normal trade union wages were paid for skilled and unskilled labour. Only works that would ordinarily have been executed by or through the State authorities were allowed to be undertaken as advance works. These rules were continued in 1933, but grants were also made to communal advance works, which have to be of such a kind that they cannot be executed as State subsidized communal relief works, and the State contribution is given either in the

form of a non-interest-bearing loan that is not written off for the first five years, or a non-redeemable grant. The budgetary provision for State and State Communal advance works during the years 1933/34 to 1937/38 has been as follows:

1933/34	.	.	11,500,000	kronor
1934/35	.	.	10,000,000	„
1935/36	.	.	3,000,000	„
1936/37	.	.	3,000,000	„
1937/38	.	.	10,000,000	„

It was with this type of work, together with the subsidies, loans and credits mentioned below, that the Social Democratic Party intended to replace the relief works, and though this has so far proved impossible, the decline in public works expenditure since the crisis years has been far more marked in the case of the relief works.

Subsidies, Loans and Credits—From the point of view of stimulating the general economic life of the country and assisting the trade revival, this type of expenditure has been of greater significance than any of the others. Money has been advanced, by way of subsidy or interest or non-interest-bearing loans, for State works and buildings, road, railway and harbour construction, house-building and improvements in forestry and agriculture, and the provision of smallholdings. The amounts so advanced during the years 1933/34 to 1937/38 were (in kronor):

1933/34 .	.	.	.	96,602,400
1934/35 .	.	.	.	76,944,250
1935/36 .	.	.	.	39,080,350
1936/37 .	.	.	.	44,365,000
1937/38 .	.	.	.	39,000,000

Of these sums, house-building and the provision of smallholdings accounted for 30,000,000 kr. in 1935/36, 36,500,000 kr. in 1936/37, and 28,000,000 kr. in 1937/38.

The monthly figures of the number of persons for whom work is directly provided by the advance works and the credits rose from 327 in July 1933 to 9409 by the end of that year.

Since that time the minimum and maximum monthly figures have been:

			February	October
1934	.	.	7,141	40,768
1935	.	.	18,104	42,482
1936	.	.	15,377	34,373

It is estimated that these figures would be increased by about 70 per cent. if indirect employment were included.

Investment in State Businesses—This expenditure formed no part of what is generally known as the public works programme, but it played a not unimportant part in stimulating economic activity.

The State businesses comprise the post office, telegraphs, railways and water power, and each year by far the greater part of their capital expenditure is raised by loan. For the years 1929/30 to 1937/38 this investment has been as follows (in thousands of kronor):

Year	Post Office	Telegraphs	Railways	Water Power	Total
1929/30	3,264	7,517	4,165	5,400	20,346
1930/31	1,780	12,497	6,397	9,311	29,985
1931/32	1,970	14,682	26,340	10,198	53,190
1932/33	3,148	11,630	23,431	9,631	47,840
1933/34	900	13,700	56,605	7,625	78,830
1934/35	1,141	13,325	41,420	6,450	62,336
1935/36	2,201	17,782	26,100	10,680	56,763
1936/37	2,910	17,439	16,230	15,985	52,564
1937/38	3,019	29,519	22,385	22,005	76,928

It is interesting to notice that as long ago as 1912 a scheme was prepared by the Railway Board for the construction of State railways during the period 1912 to 1918. The Board, and the Riksdag also, considered it suitable that during periods of depression these undertakings should be vigorously prosecuted and financed out of loans, and it was pointed out that at such times the cost of both labour and materials would be comparatively low. The intention was to start construction

of railway lines already proposed when there was reason to believe a period of depression was setting in, and when there was reason to believe that conditions were improving to avoid decisions as to the carrying out of new work except in so far as was necessary to provide constant employment for the nucleus staff of engineers, foremen and workers. This scheme was, for various reasons, never carried out, but it is an illuminating example of what can be done by an enlightened board of management, even within the limits of the capitalist system. In a memorandum to the Government at the same time, the Riksdag recommended that both the Government and communal authorities should prepare schemes for their more important undertakings in advance and for periods of some length, and the discussion which was thereby provoked showed that the authorities concerned were quite ready to pay more attention to the situation of the labour market in carrying out public works. But though the suggestions were thus sympathetically received, little seems to have come of them.

Thus for the years 1929/30 to 1937/38 the budgetary provision for public works of all kinds was as follows:

(In thousands of kronor)

Year	Relief Works	Beredskaps- arbeten	State Businesses	Total
1929/30	2,800	—	20,346	23,146
1930/31	2,500	—	29,985	32,485
1931/32	10,000	3,000	53,190	66,190
1932/33	25,000	3,000	47,840	75,840
1933/34	60,000	108,102	78,830	246,932
1934/35	55,000	86,944	62,336	204,270
1935/36	32,000	42,080	56,763	130,843
1936/37	22,000	47,365	52,564	121,929
1937/38	14,000	49,000	76,928	139,928

The table given above is confined to the three types of work which have already been discussed. During the same period, however, there had been a considerable amount of State expenditure on capital investment of every kind. These figures

are not readily ascertainable, but they are given by Dr. Alf Johansson of Stockholm as follows (including the figures given above):

1929/30	.	131,000,000 kr.	1933/34	.	398,000,000 kr.
1930/31	.	162,000,000 „	1934/35	.	352,000,000 „
1931/32	.	220,000,000 „	1935/36	.	280,000,000 „
1932/33	.	209,000,000 „	1936/37	.	315,000,000 „ ¹

These figures represent the cost of the various undertakings to the State only, and if municipal and private expenditure directly consequent thereon is also taken into account, a further 30 per cent. or thereabouts ought to be added. The importance of this expenditure will be realized when it is compared with the total ordinary State expenditure, which rose from 689 million kr. in 1929/30 to 1316 million in 1937/38, or with the total national income of Sweden, which amounted to 7200 million kr. in 1934.

PUBLIC WORKS AND RECOVERY

The summary which has been given of the kinds of work undertaken by the State, and by the municipalities with State assistance, and of the sums of money spent, gives some indication of the scale of public works both before and after the change of Government in 1932, and of the general trend of governmental policy since that time. It is impossible here to discuss in greater detail the actual forms of work undertaken or the organizational and other difficulties that arose from time to time, but it is important to try and estimate the part played by the public works programme in the general economic recovery.

Climatic conditions produce severe seasonal unemployment

¹ With these figures may be compared those which appear in a document entitled *National Public Works* published in 1935 by the League of Nations. Under the heading "Credits for Public Works and other Credits relating to Unemployment" the following figures are given for Sweden:

1929/30	.	.	.	94,137,900 kr.
1930/31	.	.	.	111,345,500 „
1931/32	.	.	.	169,920,500 „
1932/33	.	.	.	211,723,600 „
1933/34	.	.	.	340,628,800 „

Unfortunately this table, like so many others dealing with public works in Sweden, has not been brought up to date.

in Sweden at the best of times. Thus in 1929 the minimum figure given by the Unemployment Commission was 4800 in August, and the maximum, 18,500, in January, while the average for the year was 10,200. Allowing for this seasonal fluctuation, the first marked rise in the figures was in October 1930, when the number of unemployed was twice as great as it had been in October 1929. From that time, the figure rose rapidly, reaching an average of 46,500 in 1931, 113,900 in 1932, and 164,100 in 1933. In 1934 it dropped to 114,860, and for the following years it was:

1935	61,600
1936	35,344
1937 (Jan.-June)	23,676

The highest peak was reached in March 1933, when the number rose to 186,500, and it was not until the late spring of 1934 that any substantial reduction took place.¹

It is apparent, and, indeed, it is universally admitted in Sweden, that no definite conclusions can be drawn from this experiment, as to the efficacy or otherwise of a public works programme in preventing a slump. The programme, thanks to the fortunes of politics, was not started until the Social Democrats came into office, and by that time it was two years too late. To have had any influence in averting the slump, the programme should have been put into operation during the winter of 1930/31 at the latest, though even then it would not have been sufficient by itself to compensate for the loss of foreign trade. By the time it was at last started other factors, among them being an increase in exports due to the general world recovery, were already leading to an improvement in Sweden's economic position.

Though the unemployment figures did not fall until late in 1933, the volume of manufacturing production began to rise in the summer of that year. The value of exports showed a marked increase in the third quarter of 1933, and the value of imports in the fourth quarter. Thus it may be said that the

¹ This figure would probably have fallen earlier had it not been for the fact that the increased facilities provided by the new Government induced a certain number of local authorities who had not previously done so, to make returns of the unemployed in their areas.

economic recovery in Sweden began about the late summer of 1933. It is true that at that time the new public works policy had scarcely been put into operation at all, and therefore the beginning of the recovery must be attributed to other causes. But from the autumn of 1933 onwards the improvement was rapid, and there is no reason to doubt that the great national expenditure on public works from the latter part of 1933 onwards played a large part in sustaining and stimulating the improvement which had already set in. Unemployment, as reported to the Unemployment Commission, fell from 165,000 in October 1933 to 85,000 in October 1934, and in the same period the number of persons who found direct employment through the advance works, loans and credits rose from 6223 to 40,768. This increase of 34,545 in the number of people employed in public works is nearly half the total reduction of 80,000 in the number of applicants for unemployment assistance, and indicates the part played by the public works programme in the general recovery. Nor should it be forgotten that, from April 1933 to February 1934, there was a strike in the building industry which almost paralysed building activity in the towns, though it was less severe in the country districts. This proved a serious obstacle to the immediate operation of the new policy, and but for this, the programme would undoubtedly have had greater effect in its early stages.

A public works policy, as distinct from a mere programme of public works, implies the deliberate postponement of public development during boom years in order that the work may be undertaken during a time of depression, when private enterprise is contracting, and when money and materials are cheap. That, in theory, is part of the policy of the Social Democratic Party in Sweden. In practice it has proved impossible hitherto to put it into operation to more than a very limited extent.

The Social Democratic Government came into office during the depth of the crisis. Steps had to be taken immediately to stimulate economic recovery and to provide work for the unemployed. The immediate necessity was an expansionist policy generally, part of which took the form of a public works programme, the items of which have already been described. All efforts then, and for some years thereafter, were concen-

trated on escaping from the depression, and there was little opportunity at that time to formulate a policy as distinct from an immediate programme. The consequence was that it was only recently, when a condition of comparative prosperity had been reached, that it became possible to consider the policy of public works over a period of years.

It then became apparent that it was much easier to initiate public works during times of depression than it was to curtail them during times of boom. With the revival of economic activity there was an increased demand for telephones and telegraphic facilities; subsidies for building and loans for the provision of smallholdings had come to be regarded, not merely as methods by which purchasing power might advantageously be distributed, but as social necessities. The consequence is that, just as the programme was put into operation two years too late, so it continued in operation two years too long. It is true that the expenditure has fallen enormously since the peak years of 1933/34 and 1934/35; but it is still high, and figures for 1937/38 showed a substantial increase over the year 1936/37. The attitude of the Government, however, as explained by the Finance Minister, is that unemployment still exists, and that the most satisfactory way of dealing with such unemployment is by means of public works, whereas any curtailment of the programme would throw more people out of work.

While this attitude is at variance with that deliberate postponement of public works which is advocated by the economists, it is powerfully reinforced by the social usefulness of much of the present expenditure. Forestry work in the northern parts of the country is only possible for about half the year, and alternative employment had to be found for the workers during the summer months, in order to save them from destitution. Hence the expenditure of 12,000,000 kr. in the current year on the provision of smallholdings. The same is true of building. Overcrowding is a serious problem, which is now being tackled in a thorough-going manner. Thus, out of the sum of 39,000,000 kr. which was budgeted for in the year 1937/38 for subsidies, loans and credits, 1,500,000 kr. is allotted to building in towns, 8,500,000 kr. to building in the country, and 6,000,000 kr. for the provision of accommodation for families with three

or more children. In the latter case, rents are heavily subsidized, and this governmental expenditure on housing appeared to be the only way in which the overcrowding problem could be solved.

There are, moreover, difficulties in bringing even the State businesses wholly into line with a public works policy. During 1931 and 1932 the Finance Department, in view of the slump, discouraged any increase in expenditure and investment. How far this advice coincided with the private views of those responsible for the running of the State businesses it is impossible to say. But apart from some increase in railway electrification, investment stayed substantially level. Though the new Government's policy was to increase investments, no plans were ready in this field, and time was needed to work them out, so that it was not until 1933 that the Government let it be known that investment should be increased. As the figures on page 89 show, investment increased considerably in the following years, and it still remains at a high figure. This is partly explained by the increased demand when business is flourishing, and also by the fact that, to meet any sudden expansion in the future, the nucleus of a staff of highly trained technicians must be retained. But there can be little doubt that the figure at which investment in these businesses stands today will make any expansion to meet future emergencies a matter of some difficulty.

THE FUTURE OF PUBLIC WORKS

Hitherto Sweden has been chiefly concerned with emerging from the last depression, and it is only very recently that the possibilities of advance planning of public works for the future has been under serious consideration. Nothing has been decided upon as yet, and no plans have been adopted. But preparations are being made which will probably lead within a short time to the adoption of definite schemes.

As far as the State businesses are concerned, the possibilities are distinctly limited. As far as posts, telegraphs and railways are concerned, saturation point has almost been reached, and though water power is still capable of considerable expansion, the possibilities of increased investment in all these businesses taken together are not such as are likely to exercise any decisive

influence in any future slump. It is hoped that, under the conditions existing in Sweden, it may prove possible to persuade certain sections of private industry to co-operate with the Government in planning ahead, and regulating investment with a view to concentrating it in times of depression. Failing any such development, the Government may decide to extend the scope of the State businesses, in order that it may more readily control and regulate the timing of capital expenditure.

The relief works of the old type are universally unpopular with the trade unions and the Social Democratic Party, and when a suitable opportunity occurs it is likely that they will be brought to an end and merged with the advance works.

A special committee has recently published a lengthy and exhaustive report dealing with the probable extent of public works expenditure, both locally and nationally, during the next ten years. Detailed consideration has been given, under the headings of State works, municipal works, streets and roads, agriculture, and forestry to the probable development of capital expenditure in these fields; and in the case of the State works, which are limited to the period of 1937/38-1941/42, and the municipal works, an estimate is given of the work which is not immediately necessary, but which might be undertaken in case of emergency. The conclusions of this report can be summarized as follows (figures in kronor):

State Works—

1. Normal works for 1937/38 to 1941/42, excluding State businesses	145,021,306	
Normal works in State businesses	378,575,000	
2. Works kept in reserve	190,630,643	
		714,226,949

Municipal Works—

1. Normal works for 1937/38 to 1941/42	291,191,805	
2. Normal works for 1942/43 to 1946/47	77,211,820	
3. Works kept in reserve	196,758,565	
		565,162,190
<i>Roads and Streets</i> for 1937/38 to 1946/47		969,620,710
<i>Agriculture</i> for 1937/38 to 1946/47		463,456,000
<i>Forestry</i> do. do.		150,000,000
		<u>2,862,465,849</u>

This comprehensive survey of the possibilities of public works in Sweden is an essential preliminary to the adoption of a definite and detailed policy of long-distance planning, and the fact that it has been prepared and published indicates that the Government means business.

But much of its effectiveness as a public works policy, as distinct from a mere relief programme, is dependent on the degree to which public expenditure is deliberately postponed during the boom. The rising cost of materials has already necessitated postponement to a certain extent, but there is little sign of it as a deliberate policy, for while it is easy for the economist to point out the advantages of deliberately timing public works, the politician has a difficult task in translating the theory into practice. In Sweden, however, the financial obstacle has already been overcome, and there is widespread realization of the possibilities of public works in mitigating the effects of any future slump. With the publication, therefore, of the report of the Special Committee, Sweden will be in a position to utilize the experience of the last few years for the formulation of a definite policy of public works for the future.¹

SOURCES

The sources of this chapter are the same as those for the chapter on Budgetary Policy, with the addition of—

International Labour Office Studies and Reports: Series C, No. 15, *Unemployment and Public Works*, 1931; No. 19, *Public Works Policy*, 1935.

C. J. Ratzlaff, *The Scandinavian Unemployment Relief Program*, 1934.

Svensk Arbetslöshetspolitik. Årén, 1914-35. Stockholm, 1936.

¹ See Postscript on page 77.

7. THE BANKING SYSTEM AND MONETARY POLICY

By HUGH GAITSKELL

It is an old political jibe that Left-wing parties are incapable of either understanding or dealing with financial and monetary problems. No doubt the strongest support for this view is derived from that ridiculous but attractively simple notion that only those who have a lot of money themselves can manage the monetary affairs of the nation. It must be admitted, however, that until fairly recently a certain amount of historical evidence of a superficial character could be brought forward to reinforce it. Was it not Poincaré, the extreme Conservative, who saved the franc in 1927, after the Radical-Socialists had shown themselves unable to stop the downward movement? Did not the second Labour Government in Great Britain stand paralysed and helpless while the pound tottered in 1931? Did not M. Blum have to be replaced by M. Chautemps and M. Auriol by M. Bonnet before the Front Populaire Government could check the flight from the franc in 1937? The illustrations, however inconclusive scientifically, could yet be used with effect in the political arena.

Today, fortunately, they can easily be countered. Left-wing Governments in more than one part of the world have achieved remarkable successes in the sphere of monetary policy where their Right-wing opponents have failed. Even if we omit the Roosevelt administration on the ground that neither its political colour nor its financial success is entirely clear, the Labour Government in New Zealand and the Social Democratic Government in Sweden have both shown the world that the capacity to manage finance is by no means the monopoly of the monied classes.

It has been explained elsewhere in this book that the remarkable economic recovery and the high level of prosperity which

Sweden has enjoyed since 1933 is not the result of a single causal factor. It is to be attributed, rather, to four distinct influences—the depreciation of the krona, the revival of the export trade, the public works programme with the deliberate unbalancing of the Budget which it involved, and finally the monetary policy pursued. Of these four influences one—the public works programme—is described in detail in Chapter 6, a second—the revival of the export trade—was to a large extent the result of external forces; a third—the depreciation of the krona—had actually occurred before the Social Democratic Party took office in the autumn of 1932. It is the fourth—the monetary policy—with which this chapter is mainly concerned. The term, however, must not be interpreted too narrowly. For although Sweden abandoned the gold standard in September 1931, during the following year there were considerable fluctuations in the value of the krona and it was not until after the Social Democrats had been in office for some months that a definite exchange policy was decided upon. Monetary policy must therefore be taken to include exchange policy. Finally, it must not be forgotten that these four influences, although logically distinct, were all very much interconnected. The public works programme could scarcely have been effective without an expansionist monetary policy, and neither would have been possible without a depreciation of the krona. Similarly, if the revival of the export trade assisted internal credit expansion by allowing the central bank to accumulate substantial reserves of gold and foreign assets, it was itself partly dependent on the exchange policy adopted. Thus if, in comparing the Swedish economic recovery of the last five years with developments in other countries, one is inclined to emphasize as the factors peculiar to Sweden the public works programme and the increased demand for Swedish exports, one must not overlook the dependence of these factors on the more widely found but no less essential element of banking and exchange policy.

THE SWEDISH RIKSBANK

Before proceeding to describe this policy, however, it will be desirable to give some account of the Swedish financial system through which it was carried into effect. For the task

of the Social Democratic Government was in part facilitated, in part made more difficult, by certain features of this system which are not to be found in Great Britain. Moreover, as a result of the Kreuger crisis, legislation was passed in 1934 which, though not primarily designed for this purpose, served to increase the degree of Government control over the banks. And this development was carried a stage further in 1937 when in the face of an apparently inflationary situation the power of the central bank to restrict credit was increased in various ways. A chapter on monetary policy in Sweden would be incomplete without some account of these changes in financial structure.

Unlike the Bank of England, the Swedish central bank—the Sveriges Riksbank—is both in form and in fact a State-controlled institution. It is governed by a board of seven members, one of whom—the Chairman—is appointed by the King and the remaining six by Parliament. From these six latter members the Board itself elects one as governor and two as managers. While the Board, of course, directs the day-to-day administration of the central bank, it is responsible on matters of policy to the Banking Committee of Parliament. This committee is composed of sixteen members, eight from each Chamber, and is representative of the political parties in proportion to their numbers in each Chamber. It is a committee of laymen, and members of Parliament engaged in banking may not be elected to it. To it is submitted every year the annual report of the Riksbank Board. This report is discussed and the Board can be questioned upon it. Thus the Riksbank is the servant of Parliament and decisions on policy are made openly by the Banking Committee. The rather ridiculous atmosphere of secrecy which surrounds all matters of this kind in Great Britain appears to be wholly absent in Sweden.

The functions of the central bank are much the same as those of the Bank of England. It is the banker of the Government and of the commercial banks. It is the sole bank of issue and it keeps the gold reserve. The note issue is controlled by law. The bank may only issue notes to the extent of twice the value of its gold holding, and a further maximum amount of 350 million kr. backed by certain specified securities. There

is no separate issue department, and thus the gold holding is not specifically represented as a reserve for the note issue.

There are, however, certain important respects in which the position of the Riksbank differs considerably from that of the Bank of England. The Bank of England is able to control the volume of credit by means of two instruments: adjustment of its discount rate—the “bank rate”; and the buying and selling of Government securities—known as “open market policy.” In recent years it has relied increasingly on the latter. Until very recently the Riksbank was neither accustomed, nor really in a position, to use this latter instrument to any great extent. For it did not hold sufficient Government securities to be able to sell them if it wished to contract the commercial banks’ reserves, and it was apparently not accustomed to buying these securities if it wished to expand their reserves. Thus it was compelled to rely chiefly on its discount rate as the instrument of control. As we shall see, it was mainly by means of this instrument that it carried out the expansionist policy of the years 1933-36. During the course of last year, however, it was felt that this might not be sufficient to prevent the boom from developing into an inflation. Accordingly an Act of Parliament was passed enabling the Riksbank to acquire from the National Debt Office treasury bonds or bills which it could then use for the purpose of open market operations.

In some other respects, however, the position of the Riksbank is rather stronger than that of the Bank of England. It possesses the power to pay interest on its deposits, and it is possible that this weapon could be used to induce the commercial banks to hold larger or smaller reserves with the central bank. Its power here has also been increased by the Act of 1937. For the commercial banks who were previously obliged to hold 25 per cent. of their demand deposits either in cash or in very liquid assets can now be compelled by the Government on the request of the Riksbank to hold a certain percentage of these assets on account with the Riksbank.

It should, finally, be noted that, being a completely State-controlled institution, the Riksbank itself took over the task of preventing undue fluctuations in the foreign exchange market after 1931, and there was therefore no need to create a separate Exchange Equalization Account. For this purpose

it receives—as the Bank of England does—regular returns from the commercial banks showing their foreign liabilities and assets. The fact that ever since the middle of 1933 the Riksbank has been able to accumulate gold and foreign assets practically continuously makes it hardly possible to compare its efficiency in the matter of exchange control with the Equalization Accounts to be found elsewhere. Its task has been made very much easier by the relatively small amount of international financial business conducted in Stockholm, and also by the marked tendency of the commercial banks to cut down their holdings of foreign assets and to sell these as they acquire them to the Riksbank.

THE SWEDISH COMMERCIAL BANKS

The big five joint-stock banks in England have their counterpart in Sweden, where four out of twenty-eight commercial banks hold between them two-thirds of the total deposits. But this similarity in the structure of banking is associated with important differences in the functions performed by the banks in the two countries.

The deposits of the British commercial banks are divided more or less equally between current and deposit accounts or, as the Americans conveniently term them, between demand and time deposits. Moreover, although interest is payable on deposit accounts, the rate is so much below that which can be obtained by the purchase of long-term securities and at present even below the rates offered by the savings banks and building societies that it is probably unusual for customers of the banks to use their deposit account facilities for the permanent investment of savings. Money is left on deposit for the most part because the customer for some reason or other does not wish for the moment to invest it.

In Sweden, on the other hand, more than 75 per cent. of the commercial banks' deposits are long-term—at four months' notice or more—and on these deposits the banks pay interest at rates distinctly higher, relatively speaking, than the rates ruling in Great Britain. In other words, the commercial banks fulfil far more the functions of savings' banks.

This difference in the character of the deposits was until very recently associated with a difference in the character of

the assets. It has always been the avowed policy of the British commercial banks to provide industry with advances only for short-term investment. The Swedish banks, on the other hand, not only financed current trading but also provided funds for the purchase of capital equipment. A very close relationship between the banks and industry developed, and directors of the banks often actively participated in the control of companies which they financed. This practice, which also existed in many other continental countries—especially Germany—no doubt assisted the rapid development of industry. But it had the disadvantage that the banking system was liable to a far greater extent than in England to be adversely affected by a general trade depression. During the sharp deflation of the years 1920-22, a number of Swedish banks were involved in financial difficulties and the Government had to step in and assist them. As a consequence two of them eventually became State-controlled. During the recent depression the same type of situation developed. The Kreuger catastrophe caused heavy losses to one of the largest banks, and the Government was again called upon to assist. It was then decided that the whole question of the relationship between industry and the banks must be re-examined, a committee of inquiry was appointed, and as a result of its report a measure was passed in 1934 which contained several important restrictions on the freedom of the banks to conduct business as they wished.

Banks are now forbidden to acquire shares in industrial enterprises except in special circumstances. Their powers of making advances are restricted both in respect of the security demanded and the length of time for which an advance may be made. An appreciable margin must be maintained between the market value of the security and the amount of the loan. The majority of advances may now only be made for six months, and a renewal of the advance is treated as a new advance. Thus all new advances must be short-term in character and adequately secured.

This new legislation has the evident intention of directing the future development of Swedish banking along British rather than continental lines. But the degree of control exercised by the State is very much greater. For in order to see that these changes are carried out a Bank Inspection Board,

responsible to the Minister of Finance, has been established. This board receives from the banks regular information about the character of their assets and liabilities. It also conducts periodically a personal inspection, and on such occasions the banks are compelled to provide any information which may be required. The Board has the right to propose measures to the Government which may facilitate the work of inspection. It appoints one of the auditors for each bank, and if a bank should not be conducting its business as the law requires it can call a special meeting of the directors.

Although the main purpose of this new legislation was to protect the banks' depositors and shareholders against policies and practices approved by the directors which might be against their interests, it also provides a powerful instrument with which the Government could if necessary exercise control over the commercial banks.

The fact that the banks were now compelled to concentrate on the provision of short-term credit alone naturally created some fear that the facilities for obtaining long-term capital would not be adequate. To meet this situation a new State institution was established. In October 1934 a company—A/B Industrie Kredit—was formed. One of the directors of the Riksbank was appointed president, and the bulk of the capital was provided by the State. The aim of the new company was to provide capital for smaller undertakings which had difficulty in financing economically sound expansion. It was laid down that the chief consideration to be borne in mind in granting advances must be the security provided. Up to now the new company has not played a very active part in assisting industry because the recent industrial expansion has been largely financed out of the profits and reserves of existing companies. Special funds may, however, be assigned to the company by Parliament, and it is possible that it may in time develop into some form of national investment board.

SWEDEN LEAVES THE GOLD STANDARD

On 27th September 1931 Sweden left the gold standard. She was forced to do this by circumstances very similar to those which had caused Great Britain to take the same step a week before. Sweden had been exporting capital at long-term and,

in order to finance this in the face of a steadily deteriorating balance of payments, had borrowed considerable amounts at short-term from abroad. The collapse of the Creditanstalt and the German Banks in the early summer was followed by a rush to withdraw from Sweden the foreign balances which had thus accumulated. Despite a rise in the discount rate from 3 per cent. to 4 per cent. the drain continued throughout July and August. The fall of sterling made the position untenable. Attempts to raise loans in Paris and New York failed, and with its stock of gold and its foreign exchange reserve badly depleted the Riksbank gave up the struggle.

In order to prevent panic in what appeared a rather dangerous situation the Treasury and the Riksbank immediately issued a joint statement declaring that they would maintain the stability of the internal purchasing power of the krona. To assist them in this task one of the leading Swedish economists was asked to draw up a new index number of consumption goods prices. But it was one thing to make a declaration, it was another thing to carry it into effect. It was obviously going to be exceedingly difficult to stabilize internal prices if the exchange was allowed to fluctuate violently. The first step, therefore, was to strengthen the position of the Riksbank in the exchange market. The balance of payments was unfavourable, and it was evident that to raise the discount rate and maintain it at a high level would not only have disastrous internal consequences but would also not serve to attract capital from abroad. A more drastic policy was required. Accordingly a large-scale but unofficial mobilization of foreign assets was carried through, and at the same time a mild form of credit discrimination among importers was introduced. The results, particularly of the former measure, were remarkable. In spite of the persistence of a large import surplus, the Riksbank was able in the next twelve months to increase its holdings of foreign exchange by more than 150 million kr. The sterling exchange was never allowed to fall below 19·70 kr. to the £, and by the end of the year it stood at 18·40. Meanwhile the discount rate was reduced in a series of steps to 3½ per cent. in August 1932.

But despite this success in the foreign exchange market and despite the absence of any active deflationary policy at home,

the internal position continued to deteriorate throughout the course of 1932. The volume of products declined during the year by a further 12 per cent. and the unemployment figures rose until 25 per cent. of all workers were out of work.

SOCIAL DEMOCRATIC POLICY

It was at this point that the Social Democratic Government took office. It soon became clear that the new Government was determined to adopt a more active policy to secure internal recovery. The emphasis was now shifted from the exchange market where, as we have seen, the position had become much stronger, to the aim of securing a rise in wholesale prices. The limits set to this were not so much the maintenance of the external value of the krona—in certain circumstances a further depreciation might have been tolerated—but rather the fear of a rise in the cost of living. It was, however, believed that wholesale prices could rise somewhat without any effect on the prices of consumption goods.

The main instruments by which this new policy was carried into effect were the Public Works programme and the unbalancing of the Budget.¹ But the necessary corollary to them was the maintenance of interest rates at the lowest possible level. Action in this sphere was all the more essential because in the first half of 1933, presumably because the market and the commercial banks disliked the new Government and its proposals, the long-term rate of interest began to rise slightly. The Riksbank, however, by the dual method of buying securities itself—though not to any great extent—and negotiating with the savings and commercial banks, was able to counter this tendency. During the course of the year its discount rate was reduced to 2½ per cent. and the other banks adjusted their rates accordingly. The long-term rate moved downward more slowly. By the end of the year it had fallen to 3·75 per cent. and the downward movement continued until it reached 3 per cent. early in 1935.

Meanwhile recovery had started. Production began to rise in the second half of 1933. The upward movement has continued steadily and without any break since then. By the summer of 1937 the index showed a rise of nearly 20 per cent.

¹ See Chapters 4 and 5.

over 1935 and of approximately 60 per cent. over the lowest point touched in 1932. The initial increase was certainly associated with an increased demand for Swedish exports—particularly iron ore. Exports of iron ore which had fallen to a monthly average of 160,000 tons in the second quarter of 1932 had risen to 224,000 tons monthly average for the corresponding quarter in 1933. The rise continued and became spectacular during 1934. The monthly average for the last quarter of this year was no less than 508,000. During 1935 there was comparatively little change, but in 1936 another upward turn took place and by the second quarter of 1937 the monthly average had risen to 971,000 tons! The variation in the volume of forest products (timber, paper pulp and paper)—the other chief Swedish export—was much smaller during these years, but owing to the rise in prices its value also increased rapidly. Improvement in the home market industries followed shortly after. While the production figures here showed little change in 1933, in the following year there was a sharp upward movement of 15 per cent. to 20 per cent. A large part of this was probably directly due to the public works programme.

These exceedingly gratifying achievements in industry were accompanied by several interesting developments in the financial world. The Riksbank's holdings of gold and foreign assets, which, as we have seen, had begun to increase during 1932, increased at a remarkable rate during the following years. At the end of 1931 these amounted to only 240 million kr. A year later they had risen to 415 million, and by the end of 1933 to 794 million. The process has continued steadily since then: by the beginning of 1938 the figure had become 1500 million. Meanwhile the sterling exchange was finally stabilized in the middle of 1933 at 19.40 kr. to the £.

What is the explanation of this sixfold increase in the central bank reserves? Three factors have clearly been responsible—the increase in the value of gold, the favourable character of the balance of payments and the sales of foreign assets by the commercial banks and other institutions to the central bank. It was accompanied, of course, by a big increase in the note circulation and also in the cash reserves of the commercial banks. But, curiously enough, the credit structure itself hardly

seems to have been affected at all until very recently. Bank deposits remained practically unchanged from 1932 to 1936: only in the last two years has an upward movement been noticeable. Throughout the period of recovery money remained extraordinarily liquid, and in spite of low interest rates the banks were unable to find borrowers. The boom must therefore largely have been financed by industry itself. It would, however, be wrong to conclude from this that the easy money policy was of no importance. For even if its direct effects were less important than in England, its indirect psychological influence was certainly very great. The existence of such liquidity and the immense reserves on which it rested was a most reassuring guarantee for industrialists about the future of interest rates, and in combination with the expansionist Budget policy gave great encouragement to industrialists who had previously been unwilling to invest.

The aim of the Government to bring about a rise in wholesale prices without seriously affecting the cost of living was achieved between 1932 and 1936. During these four years the wholesale price index rose by approximately 20 per cent., while the cost of living increased by only 2-3 per cent. But towards the end of 1936 wholesale prices began to rise more sharply thanks to the general speculative boom in world markets, and the cost of living also showed signs of moving upwards more rapidly.

In these circumstances much discussion took place about the methods by which the boom might be checked and, as we have seen, certain measures to assist the Riksbank in doing so were adopted. Perhaps the most interesting question raised was that of exchange policy. It was considered by many that if the rise in prices continued in world markets it might be necessary to allow the krona to appreciate and thus prevent the rise from spreading to Sweden. Before any final decision was reached, the speculative boom broke and wholesale prices began to turn downward. Nevertheless the discussion is typical of the intelligent, frank and self-confident way in which monetary policy is being handled in Sweden. Had the boom continued and the upward price movement in world markets taken on a definitely inflationary character, steps would almost certainly have been taken to prevent the Swedish economy

from being too violently affected by it. It seems equally probable that if we are now in the early stages of a world slump, the Swedish Government will do its utmost by the planning of its Budget and exchange policy to protect the country from another depression.

Sweden has been very fortunate. The remarkable prosperity of recent years cannot all be ascribed to her Government's activities. Still less can it be said that she has learnt the secret of preventing industrial fluctuation. But the combined efforts of academic economists, experienced bankers and sagacious Socialist politicians have secured for her the pursuit of what in an imperfect world was probably the best monetary policy available.

SOURCES

This subject was not covered by those who actually visited Sweden. After we had returned, Mr. Gaitskell kindly undertook to write the chapter. He has been greatly assisted by Dr. Brinley Thomas, whose book, *Monetary Policy and Crises*, provided much valuable material for this topic.

8. INTERNATIONAL RELATIONS

By "ANGLO-SWEDE"

As late as the eighteenth century Sweden was still a great power, with possessions all round the Baltic and a policy of active intervention in German and Polish affairs. The assimilation by Russia of Western technique under Peter the Great and her consequent emergence as a great power and a member of the European Concert resulted in pushing Sweden out of the Baltic States. Germany and Poland "outgrew" Swedish interference. In the Peace of 1809 Sweden ceded Finland to Alexander I, as a by-product of the Napoleonic Wars. In 1905 the Union of Sweden and Norway was dissolved. This for a time led to bad feeling between the two countries. But there was no shedding of blood. Except for the Prussian attack on Denmark in 1866, in order to annex Southern Jutland, the three Scandinavian countries had been at peace for over a century before the world war. During that period their mutual relations had grown ever closer, and their common international policy was one of neutrality.

During the world war they also managed to preserve their neutrality. But they did so only with the greatest difficulty, and suffered severely from German submarine warfare and the Allied blockade. Before the war contact between the German Social Democrats and the Scandinavian parties was much closer than between the Scandinavians and the British Labour Party. Except in Norway, German was the chief foreign language taught in schools and English came second. Nevertheless, in the war Scandinavian Social Democracy and progressive opinion generally were almost solidly for the Allies. This was true of the great majority of opinion in Norway and Denmark. But in Sweden there was a pro-German feeling in Conservative political, social and business quarters, as well

as in the army and navy command, so strong that it almost brought Sweden into the war against the Allies. This feeling was largely due to fear of and hostility toward Tsarist Russia. It was believed that as Russia had absorbed the Baltic States in the eighteenth century and Finland in the nineteenth, so it would become a menace to Northern Sweden and Norway if it emerged victor in the world war. Thanks to the Gulf Stream the magnificent harbours of Northern Norway are ice-free. The "lopping-off" of the almost uninhabited northern tip of the Scandinavian Peninsula would have given Russia direct access, via Northern Finland, to the Atlantic, whereas the German Navy could always bottle her up in the Baltic.

THE LEAGUE OF NATIONS

At the end of the war Scandinavian opinion warmly welcomed the idea of a League of Nations. The Scandinavian countries abandoned their policy of neutrality, entered the League, and from the beginning had a definite and positive policy for defending League principles and developing the League system. Men such as Branting and Unden of Sweden, and Nansen and Lange of Norway, have played a big part in the history of the League.

The main lines of Scandinavian League policy were as follows:

First, Scandinavian solidarity. The Danish, Norwegian and Swedish Foreign Ministers maintain constant contact with each other before, during and between League meetings, and closely co-ordinate the policies of their respective countries within the League.

Second, to work for developing the economic, technical and humanitarian activities of the League (care of refugees; public health; social welfare; drug traffic; transport and communications; economic and financial questions).

Third, to favour the working out and universal acceptance of machinery and obligations for compulsory arbitration and judicial settlement of disputes as well as for conciliation.

Fourth, to press for all-round reduction and limitation of armaments by agreement.

Fifth, to insist on the view that military sanctions—that is, army, navy, or air action against an aggressor and the passage

over or through one's territory or territorial waters of the armed forces of a Member of the League coercing an aggressor—were "optional," in the sense that even if a Government admitted that a State was an aggressor in violation of Article 16 of the Covenant, it was free to use its own judgement as to whether or not to apply military sanctions.

With this went, sixthly, the policy of endeavouring to make the application of economic sanctions more "elastic"—*i.e.* demanding the right to apply them by stages, with partial exemptions for weak States that were neighbours of a powerful aggressor.

Seventhly, the Scandinavian powers were always in favour of the universalization of the League, that is, for every possible effort to bring in all powers.

Eighthly and lastly, they always stood up for the rights of small powers against the great, for the Assembly against the Council, for universality against regional agreements, for League principles and the faithful observance of the Covenant against power politics and the "wangling" methods of the old diplomacy.

These have been the main lines of Scandinavian foreign policy in the League from the outset until today. But the policy has been applied with varying degrees of effectiveness and consistency. In 1921 the Scandinavian States were active in promoting the "weak" interpretation of and draft amendments to Article 16 that remained a dead letter until they were resurrected and partially applied in the Italo-Abyssinian conflict.

In 1924 they accepted the Geneva Protocol, after successfully insisting on the principle that whereas economic sanctions were obligatory, military sanctions were optional. The Geneva Protocol tightened up and clarified the machinery and obligations, for determining an aggressor and for applying sanctions promptly and effectively. The Scandinavian States agreed to this in return for the Protocol containing obligations to arbitrate all disputes and not coming into force until a Disarmament Convention was in operation.

In 1925 Östen Undén opposed his veto to an Anglo-French attempt to overcome opposition to Germany's receiving a permanent seat on the Council when she entered the League,

by giving permanent seats also to Brazil, Spain and Poland. The Scandinavians were as anxious as anyone to see Germany enter the League—but not at the price of sacrificing what they regarded as a vital League principle. British opinion on this occasion was strongly on the side of the Scandinavian views, so much so that the *Manchester Guardian* declared that on this occasion the British people were represented at Geneva, not by Sir Austen Chamberlain, but by the Foreign Minister of Sweden.

THE COLLAPSE OF THE LEAGUE

The Scandinavian States, particularly Sweden, were active during both the Sino-Japanese conflict and the Disarmament Conference, which overlapped. They acted throughout in conjunction with a somewhat loose and fluctuating group of small States: Denmark, Norway, Finland, Sweden; Belgium, Czechoslovakia, Holland, Spain and Switzerland; occasionally the Irish Free State and Mexico. This group on the one hand assisted the Chinese in their diplomatic battle and on the other were encouraged by the U.S.A. (Mr. Stimson actually, it should be remembered, visited Geneva for some time, ostensibly to attend the Disarmament Conference). It was their influence in the Assembly and Council that frustrated all the British Government's attempts to drive a bargain with the Japanese over Manchuria and Shanghai and compelled them to adopt an Assembly report which pledged them to regard Japan as an aggressor and to "non-recognition" of the Japanese conquests.

But although the small States could prevent the great powers from acting on the precepts of the old diplomacy by compelling them to recognize the obligations of the Covenant, they could not make them act in accordance with these obligations. In somewhat similar fashion the "small power group" could influence texts and resolutions in the Disarmament Conference. But they could not make the great powers disarm if they were bent on rearming. We know now, from Sir John Simon's confession in the House on 10th March 1936, and Lord Baldwin's "appalling frankness" of 12th November 1936, that the British Government at any rate had decided from the beginning of the Disarmament Conference to prepare for a great war within

ten years and was thinking throughout the Conference, not of how to make it succeed, but how to make British opinion resigned to rearmament.

The failure to stop Japan and the collapse of the Disarmament Conference discouraged and demoralized the small powers. The "small power group" did not function during the crucial months of the Italo-Abyssinian conflict, when a strong stand by them might have compelled France and Great Britain to cease their secret diplomatic bargains with Italy for the partition of Abyssinia, and to pay some attention to the Abyssinian demand that Italy's war preparations should be stopped before it was too late. But Denmark, as the Scandinavian representative on the Council, was docile and dumb, thinking only of how to save her own skin by neutrality, and not at all of how to save Abyssinia and the League by applying the Covenant.

The sudden and last-minute decision of Great Britain to apply sanctions came with the shock of overwhelming surprise to the Scandinavians and all the small powers. It seemed too good to be true. Cynics were not lacking who whispered that this was only a bluff for domestic consumption, and that as soon as the general election was over the British Government would drop sanctions and do a deal with Signor Mussolini. But the voice of the cynics was silenced, and a wave of hope and faith swept over the League. The Scandinavian States took their full share in applying economic sanctions (after a little recalcitrance by Norway). For a brief period it looked as though the British Government had at last given the lead for which the world had been longing for years, and as though France, the U.S.S.R. and all the small States were lining up behind that lead.

Then came the Hoare-Laval deal, the dropping of the idea of an embargo on oil, and the events that culminated in the British lead to end sanctions and capitulate to Mussolini. The League as an instrument of peace expired amid a chorus of "I-told-you-so's" from the cynics and expressions of triumphant satisfaction by the Fascist Governments and by much Conservative opinion in Great Britain and France.

It would be difficult to exaggerate the mood of fatalism,

bordering on despair, that has since fallen upon the small European democracies. As their complete passivity during the Spanish and renewed Sino-Japanese conflicts has shown, they have given up any idea of influencing world or European politics, and regard the League as moribund and a new world war as almost inevitable, failing a change in British and French foreign policy for which they have almost ceased to hope. From then on the small European democracies have pursued "the power politics of the powerless." That is, they have striven to free themselves from any obligation to take any action against an aggressor, not to take sides in any conflict, ideological or other, and not to get into the bad books of any power. This is intelligible in the light of the fact that the foreign policy of small powers is essentially "induced" or "derivative." It consists of making the best of the situation created by the great powers. All too often that means the small powers feel their very existence is threatened by situations for which they are not responsible and over which they have no control. "Foreign policy" in such circumstances frequently reduces itself to wondering what will happen next and racking one's brains to find means of keeping out of trouble when it does happen.

THE OSLO GROUP

But although the foreign policy toward the world at large of the group of small democracies to which Sweden belongs has been reduced to the attitude just described, things are not quite so bad in the mutual relations of this group. The so-called Oslo group—Belgium, Holland and the four Northern countries—have a fairly well defined policy toward each other, as well as a common attitude toward the League. Toward the League their attitude is one of *de facto* neutrality: to remain in the League, to do what one can to promote its technical, economic and humanitarian activities; to press for a development of war-preventing activities under Article 11; to keep alive the ideas of arbitration, disarmament and "universality"; to hope against hope that some day France and Great Britain will cease to be merely objects in international relations and again become subjects, with a positive policy for rebuilding the League. But failing that at present unlikely event, to regard

the sanctions obligations of the Covenant as virtually a dead letter, and to try and get rid of them altogether. This is advocated, not in the belief that the League will thereby be made capable of preventing the next world war. On the contrary, it is based on the assumption that the war is coming, that the great powers will not and the small powers cannot revive the League, and that the only thing to do, therefore, is to fall back on the neutrality when war comes. But Anglo-French solidarity and rearmament are welcomed as much as Anglo-French foreign policy is deplored, and hope of the latter changing has not been wholly abandoned. Within the Oslo group an attempt is being made to go ahead with a mutual low tariff agreement open to any outside State willing to lower its own tariffs in favour of the group. The combined populations of the Oslo group is only 32,000,000 (to this should be added the 50,000,000 in the Dutch colonies and nearly 20,000,000 in the Belgian Congo). But their standard of living is high and the foreign trade of this group is no less than 15 per cent. of the world's international commerce (as compared with *e.g.* 3 per cent. for Japan). The great bulk of this foreign trade is done by these countries with each other and with France, Great Britain and the United States.

Within the Oslo group the solidarity and co-operation of the four Northern States—Denmark (including Iceland), Finland, Norway and Sweden—have become the basis of their relations to the outside world. Except in the case of Finland—which came wholly into this group only in 1935 and is somewhat of a "marginal" member—this solidarity is of long standing. Not only do the Prime and Foreign Ministers of these countries meet frequently and regularly; the same applies to well-nigh every department of State, to the Parliaments, to political parties, to trade unions and employers' organizations, Chambers of Commerce, Co-operative movements, cultural and scientific associations, etc. There are agreements about economic policies, various branches of legislation are "harmonized," the diplomatic representatives of these countries in foreign capitals keep in touch with each other, exchange all information, and generally have identical instructions, etc. The similarity of culture, institutions and interests, geographical propinquity, and the fact that Danes,

Norwegians and Swedes can understand each other's languages, while Swedish is the second official language of Finland, makes this co-operation possible.

Great Britain is the most important great power to these Northern States, and English is now the chief foreign language taught. This is partly for economic reasons: in 1935 39.1 per cent. of the combined exports of these countries went to the United Kingdom and 25.7 per cent. of their imports came from this country. But it is also partly because since the collapse of democracy in Germany the small Northern democracies look to Great Britain as a nation akin to them in civilization and ideals, and as almost their last hope of resistance to the menace of Fascism. France, they feel, is more remote geographically and culturally, less strong militarily, and politically has now become a second-class power dependent on Great Britain.

SWEDISH FOREIGN POLICY

Sweden occupies the position of *primus inter pares* in the Northern group—although this position is unacknowledged and any attempt to assert it would at once give rise to indignant protests from the other States. She is so partly because she is larger, richer, both in natural resources and *per capita* wealth, and has a bigger population than the other three States. She is so also because she has been for some time a great power, and so is less afflicted with the combination of political inferiority compensated by moral superiority complex that generally characterizes the attitude of the small democracies to the great powers. Finally, she is so because she occupies a central and "intermediate" position, both geographically and politically. Economically, about one-quarter of Sweden's exports go to Great Britain and one-fifth of her imports come from this country. Sweden began to rearm in 1934 and has an arms budget more than twice as big as Denmark's and Norway's combined. Her armaments are now on a level commensurate with those of Finland.

Whereas the overwhelming majority of Danish opinion is today for "neutrality at any price," Finland is potentially "activist," and Norwegian opinion is divided, Swedish foreign policy pursues a "middle of the line" course about which there

is virtual national unity, and which is the "norm" for the whole Northern group.

This policy was clearly set forth in a broadcast speech by R. Sandler, Sweden's able and experienced Socialist Foreign Minister, on 28th April 1937. In this speech he declared that

"the Oslo powers suffer neither from an isolation complex nor a pact complex. We are certainly all ready to co-operate in the widest meaning of the term. We are not children who play with conventions as though they were toys and do not understand how much greater is the value of agreements that include bigger States. But everyone knows that the States which are active in world affairs are suffering from handicaps that prevent them making a reality of co-operation with all those who wish to co-operate in the different nations. And so time passes and the only thing that happens is that the arms race also goes on."

Therefore the Oslo States must go ahead, without waiting for the great powers, on such matters as their "low tariff club" economic policy and a Convention with each other on publicity for defence estimates and joint control of armaments manufacture and trade.

Sweden, said Sandler, wished to take an active part in making the League effective. The Abyssinian experience had resulted in greatly loosening the sanctions obligations of the Covenant and increasing the freedom of action of the Members of the League.

"Swedish foreign policy, as conducted at present, combines active membership of the League with a neutral attitude to the conflicting interests of the great Powers and a decided disinclination to accept commitments that would prejudice this attitude. We further reserve the right, and we do so because of the uncertain working of the League's machinery in future conflicts, of choosing the alternative of neutrality. . . . In present circumstances I think the situation necessitates our reckoning both with the League functioning according to the provisions of its Covenant at a critical moment and being prepared for it breaking up in conflicting coalitions. We must in this respect reserve our freedom of action."

Turning to the critics of Swedish foreign policy (mostly on the Right, *i.e.* Conservatives and Liberals) who "put forward neutrality as a safe alternative to the risks of membership of the League," Sandler observed:

"If the League and neutrality are put forward as alternatives something different must be meant from the policy I have just described. And presumably what is meant is not merely that this policy is not so simple as might be desired. This dissatisfaction should be addressed to the world situation and not to Swedish foreign policy. I do not know whether I am to assume that this formula implies an invitation to make an unconditional choice between continuing in the League and taking all the consequences, come what may, or proclaiming our neutrality beforehand in any eventual conflict. In that case I should like to draw attention to what unconditional neutrality in all circumstances would mean for Northern solidarity. Have those who demand complete Swedish neutrality thought out our relations to our neighbours in case any of them got into trouble? There is a clear connection between neutrality and a defensive alliance that makes the latter question a matter of immediate concern."

These quotations show how "pragmatic" and "opportunist" Swedish foreign policy necessarily is at present, and how its main lines are determined by the world situation; and the announcement made at the end of January 1938 by Professor Unden, as Swedish representative at Geneva, that his Government in future reserved its liberty of action with regard to sanctions, is a measure of the distance along the road to neutrality which the deterioration of the European situation and disillusionment with the policy of the League powers have forced the Swedish Government to travel.

The "Right" critics of Mr. Sandler have preferred to argue that it is an illusion to believe that Sweden would by pursuing his policy have any real freedom of choice. When a crisis came the small powers in the League would be swept along, willy-nilly, by the great powers and the march of events. They therefore demand "unconditional neutrality," with or without a formal withdrawal from the League. In some Conservative quarters this is linked up with a demand for a military alliance

between the four Northern States for a policy of collective isolationism in peace and collective defence of their neutrality in war. This policy would be acceptable to Finland. But Danish opinion is dead against it, and there is strong hostility to it on the Left in Norway and Sweden.

On the left of Sandler's position are individuals and groups, mostly among the war and post-war generation in the Social Democratic Party, and in the Trade Union Movement, who think the Northern countries in general and Sweden in particular have been too passive in the League during and since the Abyssinian fiasco. They, like the critics on the Right, used to accuse Sandler of being in Mr. Eden's pocket. They share the desire for a *rapprochement* between Great Britain and the Northern countries, but say Sandler does not realize sufficiently how bad and dangerous is the present British Government's foreign policy, how strong is the opposition to it in Great Britain, and how necessary it is for Sweden at Geneva to defend League principles, if necessary, against British policy. These individuals and groups are interested in and sympathetic toward the British Labour Party's foreign policy (the late Arthur Henderson's *Labour's Way to Peace*, Labour's foreign policy as set forth at Southport, with an introduction by Dr. H. Dalton, and a speech by Mr. Herbert Morrison in 1936 on the reform of the League have all been translated into Swedish and well received).

But the number of critics to Right and Left is small and their criticisms are moderate. It is well-nigh universally admitted that in present circumstances, for which Sweden is not responsible and which she cannot control, there might be variations in detail but the main lines of Swedish foreign policy could not be other than they are. Moreover, critics on the Left believe that the official policy would readily, if the world situation improved, develop into the kind of policy they want. If the League again became a reality, they say, Swedish "League neutrality" would readily develop again into a positive League policy.

A remarkable book published by Colonel K. A. Bratt in the spring of 1937 goes far to confirm this view. The book is entitled *Perhaps We Shall Not Have a War*. The author is a member of the Swedish National Defence Commission and

took an active part in framing the present rearmament and defence programme (adopted in 1936). The book is devoted to discussing the position and perils of the Northern countries in case of a major European war. One reviewer says that it may be regarded as "a popular presentation of the strategical and defence considerations that determined the proposals of the National Defence Commission, plus the lessons to be drawn from the failures of the League in Abyssinia and from the Spanish tragedy."

The whole book is written with reference to the collapse of the League and imminent danger of war resulting from the Abyssinian and Spanish betrayals. The author says that in the long run it will always remain necessary to solve the problem of international law and order by making a reality of the League, including the obligation to coerce aggressors.

"But in the dangerous situation that the policy of the great powers has allowed to arise, it is not reasonable to ask small states or peripheral small states that they should now and in present circumstances share the risks of collective security (which in its present plight really deserves to be called 'collective insecurity')."

Therefore the only feasible policy today is a collective attempt by the Northern States to keep out of the next war. But, says Colonel Bratt, they only escaped by a hair's-breadth being dragged into the last war. And, he concludes:

"The possibility of remaining neutral in case of a general conflagration must be considered, in the light of all the available evidence, as being very much reduced." In any case "Neither the Swedish people nor our neighbours can under any circumstances hope to escape the convulsions that would follow another great war in Europe. This war . . . whatever its outcome, will be of a 'totalitarian' character that will threaten the very foundations of our existence. No European nation will be able to preserve itself against the raging forces that will be let loose on the world. Those who shrug their shoulders and are cynically indifferent to the question of war or peace really ought to try to understand what this means, even for themselves. What overshadows everything and matters more than anything else is that this war shall

not take place. That is the only thing that can certainly guarantee us against our also being drawn into the war."

On the basis of this very sober estimate of neutrality as a barely possible policy, desirable only because no less bad alternative exists in present circumstances, Colonel Bratt surveys the world situation.

"The Anglo-French mutual pledges must be regarded as the chief peace-preserving factor in politics that exists today. One only has to imagine what the situation would be if this factor did not exist or if France and Great Britain were militarily weaker than they are now." If war does come, he says, "because neither England, France, the Little Entente, nor for the present even Russia wants war, it will probably be Germany or Japan that will decide what is to happen."

Colonel Bratt does not believe that in a war with France and Great Britain and the U.S.S.R. against Germany there is any chance of Belgium and Holland remaining neutral. He thinks that so long as Danish armaments remain so low that a mechanized German invasion could overrun Jutland in a few days, perhaps even 48 hours, as a British military authority has estimated, the invasion is almost sure to take place. For Germany will need Jutland as an advanced air base, not only for attacking Great Britain, but to prevent the British air fleet attacking the main German air bases and aircraft industries, which are being concentrated near the Baltic coast. He suggests, therefore, that unless and until Denmark rearms and changes her mind about passivity at any price, she should be written off as an almost certain "invadee," and the three remaining Northern States should concentrate on how to save themselves and each other from being dragged into the next war.

Apart from economic co-operation Colonel Bratt thinks that a careful study should be made of the possibilities of military co-operation between the Northern countries in the defence of their neutrality. He doubts, however, whether this would be feasible without more rearmament—particularly by those who have lagged behind Sweden. He strongly advocates the increase and pooling of at least part of the air forces of the

Northern countries into one international force of some 400 medium-weight bombers, with its base near the West (*i.e.* Norwegian) frontier of Central Sweden. He concludes his discussion of this subject as follows:

"An Air Force of the dimensions suggested, although primarily designed for our own security, might, through its mere existence, be expected to exert an influence as a deterrent against war, even in a wider context. A Northern concentration of power of this sort recalls the idea, which appears Utopian in present circumstances but is at bottom realistic, of an International Air Force in the service of peace. There is no reason to consider this subject further in this connection, and those who look upon defence preparations solely from the point of view of their own country, or at most of their own group of States, can shut their eyes to this passage. But we, on the other hand, who have not given up hope of an international order that may be able to put an end to the present European anarchy, we would like to think of an instrument up here which in the fullness of time could make a contribution to the realization of this Utopia."

If, as there is reason to believe, Colonel Bratt's views are a fair reflection of the state of mind of those in control of Swedish foreign policy, it is as clear from this book as from Professor Unden's announcement of freedom of action with regard to sanctions, that no initiative need be expected from Sweden in rebuilding the League. Nor would the present British Government, after the Hoare-Laval let-down, be likely ever again to command the confidence of the small States, even if it were ever again to take the lead at Geneva of which there is no sign or prospect. On the other hand, it is equally clear that the steps towards neutrality, definite as they have been, are not due to a love of neutrality for its own sake; and if and when a Labour Government came into power and set out boldly to build up an "open" bloc of democratic and Socialist States on the basis of the Covenant, as the only way to stop the drift to war and revive the League, it would meet with a ready response in the small democracies, and not least in Sweden. In proportion as the League again became a first-class factor in European affairs, thanks to this policy, their present half-

and-half policy of "League neutrality" would become impossible. The Governments and public opinion of the small democracies would have to choose between the Conservative and pro-Fascist policy of "out-and-out neutrality," including withdrawal from the League, and joining the "reconstruction group."

As this situation developed, Northern public opinion, which at present is far less interested in foreign affairs than is the case in this country, would wake up. It would find the economic co-operation aspect of the proposed group irresistible. It would find the proposed political co-operation attractive. Once it gained confidence in having an effective share in the taking of collective political decisions while not being subject to pressure, it would agree to taking its share loyally and effectively in organizing and, if and when necessary, applying economic sanctions.

PART TWO
THE SWEDISH ECONOMY

9. INDUSTRY

By R. W. B. CLARKE

INDUSTRIALLY, Sweden is fortunate. It has a wealth of natural resources, an abundant supply of cheap water power, an excellent geographical situation with a long seaboard, and a people of very considerable industrial, administrative and inventive skill. Ever since the industrial revolution in the second half of the last century, indeed, Sweden's natural resources have become increasingly well adapted to the requirements of advancing industrial technique. The possession of the largest deposits of high-quality iron ore in Europe, besides providing a valuable export, has stimulated the development of an important steel and engineering industry. The presence of water power coupled with the absence of coal encouraged, or rather necessitated, electrification, and thence the building of a powerful electrical manufacturing industry.

The greatest natural resources of all, the forests, became of international importance as soon as the application of steam power and electric power to saw-milling became possible, and now they are potentially even more valuable than they were in the past. In a world which is turning from natural textile fibres to fibres based upon cellulose, and which, for better or for worse, is reading more and more, the possession of pulpable timber supplies is of increasing significance. Sweden is almost wholly lacking in non-ferrous metals, but otherwise is very well placed indeed. Its very lack of coal postponed its industrial revolution and enabled it to avoid the dirt, squalor and vested interests from which Britain and Germany, and perhaps to a somewhat less extent France, are still suffering.

THE INDUSTRIAL STRUCTURE

This relative lateness in the development of powerful industrial resources is the peculiar characteristic of Sweden's

economic structure. Other countries have developed as far during the present century. But their development has in general been induced by the investment of foreign capital, or has been artificially stimulated for chauvinistic reasons. Sweden, on the other hand, has gradually transformed a primarily agricultural economy into a balanced industrialized economy. Since 1913, the population has increased by 16 per cent., but the industrial population has increased by 31 per cent., and the volume of production has nearly doubled. And this has been achieved without serious maladjustment, without an inflow of foreign capital, and without the emergence of an aggressive capitalist class. Indeed, the process of industrialization does appear to have benefited the nation in the broadest sense of the word. Real wages are probably some 50 per cent. higher than they were in 1913. This is a substantial and almost a unique achievement, and one which provides immediate justification for further investigation.

The following table gives a sort of bird's-eye view of the industrial structure. It shows very much the kind of development which one would expect from the initial resources and the social and personal background in which they are being exploited. First and foremost there are the primary undertakings—iron mining, lumbering and quarrying. In these sections, technical progress has been rapid, and there has actually been a decline in employment since 1913. Secondly, there has been a tremendous advance in the production of a large range of semi-manufactured products derived directly from the natural resources—steel plates, ferro-alloys, wood-pulp, plywood, metal wire, and so on. Third are a number of highly specialized engineering undertakings, based for the most part upon Swedish inventions and technical skill and of international rather than national importance. Companies such as the Swedish Ball Bearing Co., which supplies some three-quarters of the ball bearings used outside the United States, the Ericsson telephone group, the A.B. Separator, the Aga group, which makes lighthouse beacons, stoves and radio equipment, the Asea electrical equipment firm, the Elektrolux vacuum cleaner and refrigerator producer, and the De Lavals steam turbine company—these are concerns of international significance, based upon Swedish technical discoveries. In a

similar position industrially are a number of smaller undertakings which were developed in the first place to supply local needs and now supply a world market—firms which produce agricultural machinery, wood-working and pulp-handling machinery, and similar specialized products.

These three groups represent the essentially Swedish part of the national economy. They represent the development of the natural resources, material and inventive, and are peculiar to Sweden. In addition, of course, there are a host of smaller secondary industries, which supply the very rapidly growing requirements of the people. There is a considerable textile industry, a growing food and drink industry—the output of biscuits and canned food, for example, has trebled since 1913—a clothing industry which has increased eightfold, a leather industry, a glass industry, and a score more industries which produce consumers' goods. Here is the table:

	Value of output 1935 (mill. kr.)	Employ- ment, 1935 ('000)	Propor- tion of total %	Employ- ment in- crease over 1918 (%)
Iron ore mining	104	8.5	1.8	-37
Iron and steel production	250	24.1	5.1	-7
Iron and steel manufacture, machinery and shipbuild- ing	1,106	112.2	23.8	73
Other metal goods	200	15.1	3.2	72
Quarrying, brick, glass	179	34.8	7.4	-20
Saw-milling	251	36.8	7.8	-17
Wood manufacture	144	22.4	4.7	75
Wood-pulp and paper	485	35.3	7.5	48
Printing, etc.	214	20.4	4.3	49
Food, drink, tobacco	1,251	45.0	9.1	25
Textiles and clothing	603	73.2	15.5	68
Leather and rubber goods	203	22.8	4.8	78
Chemicals	264	12.9	2.7	-8 ¹
Water, gas, electricity	222	7.4	1.6	111
TOTAL	5,476	470.9	100.0	31

¹ The decline in chemical employment is accounted for wholly by the match trade, in which employment has fallen from 7044 to 2459.

This highly diversified industrial structure is distributed almost equally diversely over the country. Here again we see the result of the lack of coal. In Western European countries, the location of industry has been almost entirely determined by the position of the coal-fields, and thus there has been a tendency for population and industry to become unhealthily concentrated. In Sweden, there has been no such forced concentration. Those industries which are directly dependent upon natural resources are naturally located accordingly. In Lapland, an extraordinary isolated community has grown up round the rich iron-ore fields. The ore fields in Central Sweden, too, have naturally become the centre of the steel industry, conveniently placed too for the supply of charcoal for smelting. The saw-milling and the wood-pulp and paper industries are necessarily concentrated at the river mouths on the east coast.

Again, there is a general industrial concentration around the three big ports—Sweden's only large towns in the British sense—Stockholm, Göteborg and Malmö. The specialized exporting engineering industries have developed there. But the secondary industries which produce almost entirely for the home market are scattered over the whole country. In the three main secondary industries which are grouped together in the previous table and which employ nearly one-third of the nation's industrial workers, no less than 30 per cent. of the workers have their jobs in the country districts.

This geographical dispersion of industry is most important in the avoidance of the grimmer consequences of industrialization. From the strictly economic point of view it is probably immaterial, except in so far as the rural industry cannot work on a large enough scale for full efficiency. But from the point of view of town planning, and from the general social and political point of view, the advantages are immense. For example, it prevents the development—almost inevitable in the transition from an agricultural economy to a balanced economy—of a conflict between industrial worker and peasant, and between town and country. Of Sweden's industrial workers, nearly one-half are employed in the country. It may not be too far-fetched to attribute the ability of the Social Democratic Party to co-operate with the Farmer's Party to this fact. Indeed, this simple fact of location of industry gives

the Social Democratic Party a "national" air which few Socialist parties have been able to acquire.

In industrial organization, Sweden is not dissimilar to Britain. Three-quarters of the nation's industry is carried on by joint-stock companies. Some industrial units are large, and others are small. In the biggest industries, and those in which large economies can be derived from large-scale production, the process of centralization has been carried far. In the metal trades, in the wood-pulp and paper trades, and in the cotton and wool textile trades, for example, considerably more than one-half of the workers work in factories which employ more than 200 men. In the timber trade, on the other hand, and in the food trades as a whole, there are very few large firms, and more than one-half of the workers are employed in small factories with less than 50 men.

There appears to be a tendency for both the very large and the very small firms to increase in number, as rationalization and centralization proceed on the one hand and new entrants come into the consumption goods trades on the other. Thus, whereas in 1913 only 19.1 per cent. of the workers were in units employing more than 500 men, and 25.7 per cent. were in units of less than 50, now the percentages are 23.6 and 31.4 respectively. The proportion in the intermediate group has thus fallen from 55 per cent. to 45 per cent.—a fall of sufficient magnitude to be significant.

These figures do rather strikingly confirm everyone's general impression of Sweden, that the process of stratification and ossification of the economic structure, which in this country has become a serious deterrent to progress and which in Nazi Germany, encouraged by the Government, has become chronic, has not proceeded far in Sweden, and is consciously avoided by the Government. The proportion of big plants is certainly growing, as indeed it should in order that the public should receive the benefits of large-scale production. But compared with Britain and the United States, where the proportion of workers in large plants is of the order of 40 per cent., Swedish industry is still relatively small-scale. And the rapid increase in very small units shows that there is very much more scope for the enterprising "small man" than there is in the more developed and monopolistic countries. These facts may have

some relevance to the comparative freedom from major social conflict which Sweden enjoys, and to its comparative immunity from the worst effects of the trade cycle.

In actual technical efficiency, Swedish industry stands reasonably well. The traditional standard of Swedish technical research and invention and of workmen's skill is high, and the quality of management is good. Yardsticks of technical efficiency are not easy to make, but it is perhaps significant that Swedish industry uses twice as much mechanical and electrical power per worker as is employed in British industry. The competitive power of Swedish engineering exports in the world market, despite a wage-level comparable with the British, speaks for itself. There is not much doubt in my mind, nor in the minds of my colleagues who were investigating industrial conditions, that the democratic educational system is a factor of considerable importance here. There does appear to be more place in industry for the university-trained man or woman, and more scope for promotion for the able and skilled worker.

Very little external stimulus to industrial reorganization is applied. The Federation of Swedish Industries has a special office which deals with rationalization questions, and the trade unions are also investigating the possibility of increasing industrial efficiency, but there is little dramatic action. The Government has the power to conduct an investigation of any industry, and to demand compulsory reorganization, but although this Act has been on the Statute Book for ten years, it has been applied only twice—once to the grain-milling industry in the 'twenties and in 1936 to the porcelain industry. Presumably the existence in the background of these powers does have some stimulating effect upon industries which have become inefficient.

This question of industrial efficiency is closely allied to that of capitalist combination. Here again, of course, the fact that Sweden is in an earlier stage of industrial development than Britain or Germany or the United States is important, for the incentives to industrial combination—joint exploitation of a limited market, in particular—have not yet appeared in full force. Moreover, the biggest capitalist units are the engineering specialists, who are not working for competitive markets.

Each industry, however, has its trade association, with powers and duties which extend from exchange of information to collective lobbying. There are, of course, price-fixing agreements, but on the whole their restrictive influence is kept within reasonable bounds. The reasons for this moderation are twofold. In the first place, the Government is not sympathetic. Unlike the Australian Government (for example), it does not regard the establishment of secondary industries at the consumer's expense as a Good Thing. It has adopted a sound and moderate tariff policy, and only in a very few instances—cotton and wool textiles is one—does it assist an industry to defend itself from foreign competition. Indeed, the Government sometimes behaves in a way which would make the F.B.I. hold up its hands in horror.

The match industry, for example, produced 40,260 tons of matches in 1931. It then encountered powerful competition from low-wage producers, especially Japan and Finland. It lost its export markets in much the same way as the British cotton trade has lost its export markets. At the same time, incidentally, it lost its leader, the late lamented Ivar Kreuger. Its production dropped to 18,623 tons in 1934. The Government, however, refused even to exclude foreign matches from the Swedish market, and one can buy a good box of Finnish safeties in the State-owned railway trains for less than a ha'penny. Similarly, the iron and steel industry, unable to induce the Government to give it a tariff so that it could rationalize itself, was forced to reorganize without. This general unwillingness of the Government to assist industry in exploiting the consumer by price-boosting is one very important factor in the prevention of anti-social industrial combination.

THE CO-OPERATIVE MOVEMENT

There is, however, another factor of perhaps even greater significance, and that is the Co-operative Movement. The retail side of Co-operation in Sweden is discussed in another chapter.¹ Kooperativa Förbundet, the Swedish Co-operative Wholesale Society, plays a much more significant part in manufacturing industry than the C.W.S. does here. The

¹ See Chapter 13.

output of its factories is relatively small: in 1936 it was about 120 million kr., or about 2 per cent. of the total production of Swedish industry. But its influence is very great. K.F. appears to regard itself less as a wholesaler to the retail societies than as a watchdog of consumers' interests in general. Consequently, when a price-raising monopoly appears in a consumers' goods industry, K.F. establishes (or, what is sometimes as effective, threatens to establish) a competing factory. The new factory comes into production, and cuts the price to what the K.F. considers to be a reasonable level. If the private monopoly then proceeds to cut prices wildly, the K.F. factory stops, the object of its intervention having been achieved—the consumers are getting their supplies cheaply, and that is to the real financial advantage of K.F. (for it releases working-class purchasing power for the purchase of other K.F. goods) besides being a good thing in itself. Then, of course, if the private monopoly, having "driven out" the invader, boosts prices again, the K.F. factory starts once more.

The salutary effects of this policy can hardly be overestimated. Half a dozen highly restrictive cartels have been broken in this manner. The K.F. began with the margarine cartel. Even with a small factory in 1909-11, it had been able to force a free market for margarine, and in 1921, when the cartel had been re-formed and was fixing margarine prices 20 per cent. above the price in the free Danish market, K.F. opened a big factory. The cartel price was rapidly reduced from 2.70 kr. (roughly 1s. 4d. per lb.) to 1.10 kr., and at the end of 1922, after a year's extraordinary fluctuation, the cartel price settled down around 2.10 kr., and the K.F. around 1.70 kr. By 1929 the price had been reduced to pre-war level. This margarine development was followed, naturally enough, in 1932 by the acquisition of a vegetable oil extraction plant—logical vertical integration.

A similar process was carried out in the milling trade, with spectacular effect upon the margin between grain and flour prices. This was followed by factories for rolled oats, macaroni and crisp rye bread. These factories are all rationalized together on the all-co-operative Kvarnholmen, an island in the Stockholm archipelago, complete with houses for the workers and social amenities—a brilliant flash of imaginative

development. Incidentally, in a nation with a remarkably high standard of Art in Industry, these K.F. factories rank very near the top.

In 1926 came the attack on the rubber goloshes cartel, which made profits of 100 per cent. The K.F. intervention brought prices down from 7.50 kr. to 3.50 kr., and increased sales by nearly one-half in two years. In 1929, K.F. began to produce superphosphates for the farmers, who were being exploited by a somewhat inefficient cartel. In 1932, K.F. opened even a cash register factory, because cash registers of a type suited to Swedish requirements were neither made in Sweden nor importable—now K.F. exports them.

The most spectacular of all the successes, however, was the success of the K.F. electric lamp factory "Luma." Sweden, in common with every other European nation, was suffering under the burden of "Phoebus," the International Lamp Cartel. In Sweden, the price of a lamp in 1928 was 1.35 kr., which incidentally was cheaper than the price of the same lamp in England even today. The impending entry of "Luma" was announced, and the price at once began to fall. In 1931, "Luma" came in with a price of 85 öre, later reduced to 80 öre. This reduction represents a saving of the order of 6,000,000 kr. a year to Swedish consumers! Interestingly, "Luma" is actually controlled by the Scandinavian Co-operative Unions as a whole, it is not just a Swedish affair. And its effects upon prices in the other Scandinavian countries have been very considerable too.

I have dealt with K.F.'s industrial production at some length, for it does represent one of Sweden's peculiar contributions to social and economic policy. Certainly its effect upon the price structure, and indeed upon industrial structure itself, has been far greater than its figures of turnover would suggest. How far the plan is of universal application it is difficult to say. Much obviously depends upon the business acumen of the co-operative directors. K.F. has made a practice of never embarking upon manufacture unless there was a definite case for doing so, unless an opportunity presented itself for obtaining good plant and technical advice, and unless the capital requirements could be met from within K.F.'s own resources. These principles are plainly sound, for it is evident that unless

the co-operative factory can produce equally efficiently with the best private factory, the enterprise will fail.

Swedish experience certainly shows that these principles are fundamental, and consequently suggests the limits of the benefits which a nation can obtain from an enlightened co-operative production and price policy. In all sections of industry in which the most efficient scale of production is relatively small, and in which the degree of capitalization is also relatively small, then co-operative production can be a highly useful check upon private monopoly and price-boosting. In the consumers' goods industries, as a whole, these conditions are fairly satisfied. But in an industry in which there is a strong technical case for monopoly and for giant-scale production, there it seems clear that the State, rather than the co-operatives, must provide the checks upon exploitation of the consumer. In the capital goods industries as a whole, of course, these conditions hold, and they hold also in the public utilities. Moreover, there are many consumers' goods trades—for example, sugar refining—for which the optimum level of production is very high indeed. These industries and services are properly controlled by monopolies, and these monopolies should in a healthy community be controlled by the State.

THE SOCIALIZED SECTOR

In Sweden, the State has done this to a greater extent than in other democratic countries. The socialized sector of the industrial system is considerable. The Government directly controls most of the public utilities—the Post Office, the telephone and telegraph system, the most important railways, most of the electric power, and an important part of the forests. Moreover, it also controls, directly or indirectly, the Riksbank, the radio, air transport, tobacco manufacture and the wholesaling of liquor. In addition, it holds a 50 per cent. interest in the capital of the largest iron-ore mining company, and it exerts a licensing control over the armaments industry. This list is certainly imposing. Some of its items are perhaps a little surprising, and public control takes so many and varied forms that it is difficult to detect any guiding thread of policy running through the system. But there are many ideas in it of first-class interest.

First of all, however, we must set Swedish public enterprise in its right perspective. This perspective is very different from ours. The Swedes had the common sense to prevent the private interests from getting a stranglehold upon the natural resources from the very beginning. There was State control of forests as early as the eighteenth century. The development of the State power system began as early as 1909. The State has wide powers over mineral deposits. And the State machine has never fallen into the hands of unscrupulous men who would sell these rights. Therefore, private enterprise has never had the opportunity of burgling the national property. In other countries, the industrial revolution has been the scene of a desperate struggle to despoil the nation's resources, and—usually too late—the State has been forced unwillingly to act as a sort of umpire and in the extreme case to take charge itself. The history of the coal industry in Britain and the petroleum industry in the United States and the electric power industry and the railways in both countries is a history precisely of this. In Sweden, on the other hand, the State was in a commanding position from the very beginning.

Consequently, the idea of public ownership and control is common to all sections of Swedish public opinion. The actual initiation of the various public enterprises has been done by all parties. When the Social Democratic Party has been in office, the speed of development of public services has been accelerated, and in this the present Government has been very active. But at the same time this Government has initiated only one new public enterprise—air transport. And in fact there is little advocacy by anyone of socialization in the large. There is little appreciation of the economies which can be obtained by the operation of publicly owned monopoly. Monopoly of any kind is suspect. The need for public regulation of the exploitation of the natural resources and the essential services is generally recognized—although even there the State rarely has a complete monopoly. But there is little demand for the socialization of the industries at first remove from the natural resources and of the secondary industries. Sweden, in short, is at the Liberal Yellow Book stage, and has been at it for a very long time.

To the Western European problem of the discovery of the

best means of transferring highly developed and monopolist private industry to public ownership, Sweden has consequently little to contribute. But in the technique of the administration of a State service as a going concern, Swedish experience is significant. Broadly, there are two basic types of public enterprise. There is the public utility, which is run by a State administration very closely linked with a Government Department. The postal system and the telephone system and the State railways are run in this way. In other chapters the Board of Waterfalls and Board of Crown Lands and Forests, which work similarly, are explained. And there are the State-owned companies, by which a State monopoly is established by the formation of a company in the ordinary process of company law. These enterprises are rather more remote from direct Government control. The tobacco, liquor and air transport monopolies are the leading examples of them, and the company which exploits the State deposits of iron ore is in a similar category of public enterprise.

The working of the State railway system is typical of the "utility" type. Unlike the Post Office and the Telegraph Office, but like the State power and forest authorities, the State Railway Administration has not got monopoly control over the service it administers. Only 45 per cent. of the Swedish railway system is owned by the State. This is certainly the best 45 per cent. It includes the trunk lines, and it carries some 60-65 per cent. of the goods traffic and 70 per cent. of the passengers. But it also includes some lines in remote districts of the country in which there would otherwise either be no line or a bankrupt line. From time to time the State acquires bankrupt lines for practically nothing, but apparently there is little intention of substantially extending the State sector. The position is less illogical than it looks, however, for the private lines are effectively controlled through the competition of the State lines and, of course, official regulation of charges. Moreover, large blocks of capital in some of the private lines are held by municipalities, a further factor which makes for easy co-operation.

The State Railway Administration itself is a reasonably simple form of organization. It is a separate body, with separate offices of its own apart from the Ministry of Communica-

tions, which appoints it and controls its activity. The Administration has technical autonomy, but no more. Questions of fares and freight rates are ultimately controlled by the Government (and by Parliament), and it has no financial autonomy whatever. It raises the necessary capital for extensions through the Government, and its profits, after full allowance for renewals and reserves, are handed over to the Government. Thus, the income from the State railways is a part of the Government's ordinary Budget income, and the service of the railways' capital debt is paid for out of the Budget.

The Administration, of course, aims at providing a surplus available for the interest on that section of the Government debt for which it is responsible. But there is no real drive to make the railways earn a sum which will just cover the interest which the Government has to pay on their capital. Indeed, for the last five years the railways have earned less surplus than would cover the interest—in other words, they have been indirectly subsidized. The Government frankly subsidizes those lines which are maintained as a service only (like the rural Post Office here), and are unable to pay any interest at all on the capital invested in them. The following table shows the form in which these utility accounts are cast:

STATE-OWNED UTILITY PROFITS, 1936

	Surplus in thousand kr.	Percentage on Govern- ment capital invested
Post Office . . .	20,990	38·36
Telegraph Office . . .	35,670	8·88
State Railways . . .	39,180	2·94
State Hydro-electric Works	20,750	5·56
Crown Lands and Forests .	15,380	4·47
Govt. Printing Office .	40	12·82
Total State Utilities . .	132,010	5·27

Thus on the whole these State-owned utilities just about pay their way. In 1936, a good year, they earned slightly more than the interest paid by the Government on their capital: in the depression they earned rather less. Certainly in these figures there is no justification for the argument that the finance

of public services should be kept separate from the Budget because if they were not (1) the Government would use them as a source of indirect taxation or (2) the Government would incur tremendous interest charges on their behalf.

Indeed, Swedish experience suggests a number of advantages for this form of public enterprise over the English idea of the public corporation virtually independent of the Government. The democratic advantage is plain—the Swedish Parliament has at least one annual opportunity to discuss railway policy, when the capital expenditure estimates are presented by the Government. Another advantage is the power of national planning which the system gives to the Government. When the present Government came into power in 1932, it was able at once to initiate intensive railway capital development as part of its scheme to stop the slump. There was a personal problem of convincing the State Railway Administration leaders of the sound sense of the policy. But there was no constitutional problem similar to that which might be involved, say, in a demand that London Transport should accelerate its development programme as part of a public works scheme.

Again, there are benefits in this system for the workers. The railway workers have not the status of civil servants, but they have civil servants' pensions and security of tenure rights, and the basic part of their wages, which is supplemented by a cost-of-living bonus, is actually fixed by law as a part of their inviolable contract of employment. There is pressure exerted by the railway unions upon Parliament—at present a wage increase is demanded—but the pressure is no worse than the pressure which other people exert upon Parliament.

Finally, two elementary arguments against public ownership are answered by the Swedish railways. The complaint of inefficiency can hardly be substantiated or even seriously suggested in face of the energetic programme of electrification which the Administration has put through and which aims at electrifying 85 per cent. of the traffic (and is doing it at a profit too). And the complaint that a State railway system would stultify the growth of other means of transport is equally answered by the fact that the Government has placed the power of granting licences for public road transport into the hands of the Provincial Governments instead of keeping it for itself.

As a whole, indeed, the Swedish State-owned utilities are a very good advertisement for public ownership and operation of essential services.

The idea of the State company, formed in precisely the same way as a private company, but with the State owning a controlling interest in the shares, originated in Sweden. It was adopted in France by the Popular Front Governments for the nationalization of the arms trade and the reorganization of railways. Its object is to provide a form of enterprise which is more elastic and less restricted than the near-Government Department, but in which nevertheless the State will exert all the control and secure a share of the profits. By this method, it is felt, the essential State character of the business is disguised. The arguments, in fact, are rather like those adduced for the public corporation here, and there is much to be said for them. In Sweden, at any rate, this is regarded as the best form of public control, and new proposals for public enterprises are always expressed like this.

The typical example is the tobacco monopoly. The monopoly was begun in 1915 by the Conservative Government of that time, solely in order to raise revenue. The idea was to find a means of providing old-age pensions without increasing taxation. The Government formed a company, in which it owned all the Ordinary share capital, bought out the existing manufacturers, and gave the company monopoly powers to import and manufacture tobacco. The scheme has been successful. The consumer gets reasonably good cigarettes at a not excessive price, and the Government, besides getting duty to an estimated total of 92,000,000 kr. this year, gets a dividend of 1,595,000 kr. to boot. Once again, in fact, the Government picked out a potentially expanding trade early in its development, and cashed in on it. Of course it has to face public criticism of its policy. Whenever the company wishes to raise new capital for development it has to go to Parliament for it, and the various localities debate the correctness of the location of the new factory with all the vigour which the British Parliament displays when the siting of a new Government factory is in question. This is so, of course, for all the State companies. Parliamentary control over them is a good deal greater than it is over any British public corporation. And its effect is healthy.

The air transport company can be dealt with shortly. The present Government formed it in 1935 by simply buying up the majority of the shares of the existing private monopoly, which the Government had previously been subsidizing in much the same way, and with much the same pointlessness, as the British Government subsidizes Imperial Airways. The case for public ownership, not only for transport and financial but also for strategic reasons, is very powerful. Now, under the Government-appointed directors, a very active policy is being carried on in active co-operation with the Railway Administration.

There are two other State companies, one for liquor wholesaling and the other for radio, but neither is of economic importance. And that completes the list of State companies. Since 1934, the Socialists have been trying hard to add coffee and oil importing and wholesaling to the list. They required more revenue for the new old-age-pension scheme, and this seemed to be a good way to get it. Both these industries are inefficient, and the potential economies of centralized control are so great that the State companies, after giving full compensation to displaced workers and payment for assets (but not goodwill) acquired from the companies, could have made big enough profits at current selling prices to finance the pension scheme. However, the scheme was dropped, for State revenue was buoyant enough to finance the pensions scheme without a new source of taxation. Moreover, the scheme encountered opposition. The co-operatives, for example, were just entering the coffee trade in order to reduce profit margins and restore efficiency, and they said that this would reduce the price of coffee, and that the Government's scheme was just disguised indirect taxation. The Communists, too, opposed the scheme, on behalf of the small garage proprietor. It is a pity that the plans did not come to fruition, for we do not often see public monopoly in this sort of business.

Analogous to these State companies is the Luossavaara-Kiirunavaara Company, which exploits the very valuable State-owned iron ore deposits in the far north. This field contains nine-tenths of Europe's high quality iron ore: it has been developed only in the last half-century, for it is situated north of the Arctic Circle, and development could take place only

after the completion of the electric railway which connects it with the sea. The arrangement for exploitation is an interesting one. It dates back thirty years. The Conservative Government of that time, unwilling to operate the mines itself, came to an agreement with the Grängesberg-Oxelösund Company—the biggest exploiter of the older deposits in Central Sweden—whereby the company does the mining, and pays both royalty to the State (owner of the mineral mined) and also one-half of the net profits of the Luossavaara-Kiirunavaara Company, in which the State owns one-half of the equity and the Grängesberg Company the other half. This agreement, incidentally, is in accordance with the general principle of disposal of mining rights in Sweden. The prospector gets one-half, and the landowner—in this case the State—gets one-half.

This arrangement has in the past worked well. It is subject to revision at definite intervals, and the State has not hitherto found it necessary substantially to alter the terms of the agreement. There are two reasons for this. One is that although the State has no direct control over K.L.B., only controlling one-half of the equity, it wields a very powerful indirect control through its ownership of the electric railway. Consequently despite its northerliness, the ore-field compares very well in working conditions and social amenities with other ore-fields, both in Sweden and abroad. Workers' housing, for example, is cheap, costing only 35-45 kr. a month. Secondly, this Kiruna ore is produced entirely for export. The agreement between the State and the operating company therefore expressly limits the export in any given year. The object of this provision is to prevent the wholesale destruction of the ore-field in years of abnormal ore prices. Thus, the export of ore may not exceed 27 million tons in three years, and no year's export may exceed the average 9 million tons by more than 10 per cent. Moreover, there is a complete prohibition of export of ore containing more than 5 per cent. of phosphorus—ore which would tremendously increase in value in wartime. Regulations of this kind, which ensure the orderly development of the field, are highly significant. If Cumberland hematite-ore exploitation had been regulated similarly, Britain would be in a much more powerful position than she is today.

There is in the agreement another clause which empowers

the Government to nationalize forthwith in full if at any time foreign interests "are found to exert an improper hold on the company." At the present time this clause is significant. The demand for high-quality iron ore for the rearmament programmes of the world is so great that there is acute shortage, and the experience of Spain has shown the lengths to which the Fascist countries are willing to go in order to increase their supplies. There is in democratic Sweden growing concern at the growth of German influence in the iron-ore industry, and in the late autumn of 1937 a strong demand was expressed for complete nationalization. For the present, the Government has been unwilling to take further responsibility for the destination of Swedish iron-ore exports: since the breakdown of the collective security system, indeed, Sweden's position *vis-à-vis* Germany is a difficult one, and the Government can hardly be blamed for its attitude. It has, however, decided to increase the export quota from 27 million tons to 33 million tons in three years, and by this means it is reducing the proportion of its iron ore which is sent to Germany.¹

A similar problem has arisen in the armaments industry. Sweden, well endowed with high-quality iron ore and technical skill, has always had a significant arms industry and a large arms export. In the post-war period, moreover, the main unit in the trade, Bofors, was financially and technically allied with Krupps, and its name was popularly linked with the reports of the illegal arming of Germany. The Social Democratic Government, therefore, was forced to act. It rejected nationalization for the all too familiar reason that it would make export impossible, and substituted a scheme whereby an official Government licence is required for all manufacture of armaments and civil aircraft, and whereby all accounts, contracts and so on are inspected by Government inspectors. The scheme also prevents the control of Swedish armament companies by foreigners. This law came into operation on 1st January 1938, and although it does not go as far as Socialists would like, it is certainly a vast improvement on the previous formal licensing of exports.

So much for Swedish industry and the methods which the

¹ See also Joachim Joesten, "The Scramble for Swedish Iron Ore," *Political Quarterly*, January-March 1938.

State employs in order to control it. As a whole, the industrial system appears to be a fairly satisfactory one. At any rate it works, as the increase in the real national income during the last quarter of a century shows. The State control of the natural resources and the essential services has from the beginning ensured that the development would proceed on rational lines. That, together with the very salutary influence of the co-operative movement in the checking of monopoly in the consumption-goods industries, has certainly spared Sweden from the worst excesses of Western European industrialism. Moreover, the socialized sector of the national economy has gradually grown to such a size that it gives the Government a real lever for industrial planning and influence over private industry. That is an achievement, and it is no less of an achievement for having been achieved without marching. Sweden has been fortunate in her natural resources. But she has used them sanely.

SOURCES

The material of this chapter was derived almost entirely from interviews in Sweden. For statistics the *Statistisk Årsbok* was used.

10. AGRICULTURE

By DUNSTAN SKILBECK

THE recent economic crisis has left Swedish agriculture more or less untouched by direct State intervention and, although much important legislation affecting agriculture has been enacted during the post-war period and during the more recent Social Democratic régime, there has been no marked attempt to alter fundamentally the form of Swedish farm economy by direct State action. In spite of this, the Swedish agricultural industry is remarkably efficiently organized at the present time and has managed to weather the storms of the immediate post-war and the 1932 crises without sustaining severe injury or damage. In the main, the stimuli for the economic reorganization of the industry have sprung from within the industry itself, marketing methods have been developed, to a great extent on co-operative lines, and there has been no attempt to superimpose, on a somewhat unwilling industry, a system of semi-official marketing boards or corporations. The position which the agricultural industry occupies in Sweden bears little comparison even to her two closest Scandinavian neighbours, let alone to a highly urbanized country such as England.

THE CHARACTER OF SWEDISH FARMING

The industrialization of Sweden is of comparatively recent date, for, although certain highly developed industrial undertakings existed even in the eighteenth century, the population was, in the main, engaged in farming and allied occupations until the present century. Up to the 'seventies over 70 per cent. of the population were so engaged, though, during the last sixty-odd years, there has been a relative and an absolute decline in the rural and agricultural section of the community. At the present day it is no longer possible to consider Sweden as predominantly agricultural even from an occupational point

of view, with only about 40 per cent. of her people directly engaged on agricultural production. Although the agricultural industry is declining in importance, it is still a strong force in the body politic and the rural voice has had a good deal to say in the recent development of modern Sweden. In a country such as England, almost completely urbanized and with its strong tripartite tradition of landlord, farmer and labourer in the country, the division of interests has been a fairly defined contest between capital and labour, whether of town or country origins. In Sweden, on the other hand, a large section of whose agricultural interests is based on peasant proprietorship, a third and distinct element intrudes in the shape of the agrarian interest, standing distinct from those of organized capital on the one hand or organized labour on the other. There is, however, no very distinct territorial division of interest but only a general class division which tends to make the larger employing and capitalist farmer ally himself to the cause of reaction and conservatism, whilst the peasant owner feels himself economically and socially distinct from the former and tends to form a separate political bloc.

Sweden is, in the main, a country of forests, over half of her land being so utilized. Only about 12 per cent. of the soil is directly utilized in agricultural production of one form or another, and just over a third of the whole country is composed of useless wastes of rock and bog. It is important to emphasize the close contact which exists between farming and forestry, almost throughout the entire rural economy, for it is impossible to gain a correct impression by mere reference to the size of farm units as revealed by the class grouping of the cultivated land. As a general rule, more particularly in Middle and Northern Sweden, there is an appreciable area of forest land attached to each farm, an area which takes on progressive importance from south to north until the cultivated land assumes subsidiary economic importance to the woodland area. The average for the whole country is about 75 acres of forest land per farm, a figure which conveys little owing to the very great variation which exists in the area of forest owned, an area having little or no relation to the cultivated acreage. Most of the farms are small, nearly half the cultivated area being farmed in units of under 40 acres in extent. "Large" farms

(over 125 acres) represent less than 2 per cent. of all farms of over half an acre. The area of large farms, and there are not a few which are of considerable acreage, are found, mainly, in the rich southern provinces of the country. Here the larger capitalist employing farmer is typical, if not statistically, certainly socially, and the fertile land of Southern Sweden is farmed under him as intensively and, it may be claimed, as efficiently as any land in the world.

The small peasant proprietor—four-fifths of the farms are owner-occupied—employing at most one or two hired hands has little political contact with the larger employing farmer and has given himself political expression in the Farmers' Party. It would be inaccurate to describe this as a Centre party, for it is remote both from organized capital and organized labour; rather is it a political entity standing outside the direct conflict. Inherently conservative in attitude, for the very nature of its members' livelihood is one which resists change, it none the less has no allegiance to capitalist control, and its members, forced to buy in the retail market and to sell in the wholesale market, not unnaturally abhor both trusts and monopolies in all forms. Essentially realist in its attitude, its chief demands are for a maintained internal price level for its surplus products and for some degree of financial assistance towards its fixed capital charges. Prior to 1932 the Farmers' Party was avowedly conservative in attitude, a position which the similar party in Norway still occupies, actively engaged in opposing the Norwegian Labour Party. When the Social Democratic majority was returned in 1932, the new Administration found that it was necessary to have the support of the farming interests, which was obtained on a *quid pro quo* basis. The peasant farming interests have been persuaded that their best customer is the urban consumer and that higher wages will mean more consumers' purchasing power. The workers, naturally opposed to rising food prices, have only tolerated price maintenance or increase, so essential to the agrarian interests, in return for the farmers' support for the demand for higher wages. Thus, by means of an economic bargain, an odd pair are found in harness together, a Labour-Farmer front against an employer upper-class conservatism supported by Right-wing capital Liberals. Perhaps over-much emphasis

has been laid upon the coalition form of the present Administration, but, unless the political autonomy of the agrarian interests is fully appreciated, it will be difficult to understand the recent agricultural economic developments.

During the worst period of the economic crisis a Government commission was appointed to deal with agricultural economic problems of vital importance, which commission is still in existence. There has been no general or centralized plan, so dear to the hearts of doctrinaire Socialists, to deal with all farming commodities, but rather have methods been devised and applied as the commodity and the necessity demanded. There is a strong contrast between the "planning" methods adopted in England and the methods which have been adopted recently in Sweden. In order to rationalize agricultural marketing in our own country marketing reorganization has had to be somewhat forced upon a not altogether willing body of producers. This criticism of the Agricultural Marketing Acts of 1931 and 1933 is superficially unjustified since each Marketing Board under those Acts has been set up with the authority of a majority of the producers concerned—but the initiative, the driving force necessary to carry through the reorganization, has come, not from within the industry but from without. In Sweden, on the other hand, State grants have been made to certain central bodies, in order to finance the development of co-operative organization. The one method has led to the setting up of large public corporations such as the Milk Marketing Board, criticized alike by consumer and producer, the child of nobody, and the other method has led to the evolution of a very complete co-operative system; neither development conforms to a particularly advanced Socialist ideology.

CO-OPERATIVE FARMING

It is possible to examine, in detail, the more recent growth of co-operative organization in the agricultural industry without a brief examination of the background against which it has grown.¹ Co-operative organization, which has made such remarkable strides in its development amongst consumers, and is dealt with elsewhere in this series of studies, has not

¹ For this section cf. chapters on Industry and Distribution.

developed until quite recently to anything like the same extent amongst the farming community. The world is now familiar with the outstanding development of producer co-operation in Sweden's neighbour State of Denmark, but it must be borne in mind that the very basis of the latter's farm economy, during the last fifty years, has been the development of a definitely canalized export trade to the United Kingdom, whereas more industrialized Sweden has found an important market for her farm produce developing on her own doorsteps. It is significant that in Sweden, as in England, the first form of agricultural co-operation to develop successfully on an important scale was the co-operative supply of farmer's requisites, rather than the processing and sale of his own commodities.

Here, in parenthesis, must be noted the suggestion which has been made that there is a fundamental difference between the co-operatively organized producer and the co-operatively organized consumer, and that the Swedish insistence on "true co-operation based upon production for use upon a non-profit base"¹ has militated against the development of agricultural co-operation for selling purposes based more essentially upon the profit motive. It is doubtful if, in fact, any such distinction can be drawn. The consumer co-operates in order to *buy* at less cost, the producer does precisely the same in order to *sell* at less cost. The latter does not fundamentally seek either to create a monopolistic control nor even to gain a higher gross return at the consumer's expense but rather to obtain a higher nett return at the expense of the distributor. It is less easy for co-operation to develop amongst the territorially scattered farming population than amongst urban societies. Moreover, the farmer is typically an individualist who abhors any infringement of his personal liberty and independence; but the common bond of an export market or the lack of an expanding home market, or both acting simultaneously, are great incentives to sacrifice the luxury of independence for the greater security of combined action.

The first co-operative enterprise to develop on a national scale in Sweden was *Svenska Lantmännens Riksförbund* founded in 1905 for the supply of seeds, fertilizers and feeding stuffs. This society has made a steady development and now

¹ Childs, *Sweden, the Middle Way*, p. 52.

has an appreciable proportion of the trade in its hands, its ramifications cover the whole country and it is responsible for the supply of not far short of half the artificial fertilizers consumed on Swedish farms. A more recent development has been an excursion into the manufacture of its own fertilizers, the more interesting in that it provides an example of the close contact existing between the society and the Central Consumers' Co-operative. In 1928 the two Co-operative organizations took over a superphosphate works and operated the factory jointly, the Consumers' Co-operative subsequently (in 1931) letting the factory directly to the Agricultural Society, which now operates it for its members. Co-operative dairy societies, taking their general form after the Danish model, have developed rapidly, particularly in the south of Sweden. In this district there is a considerable manufacture of butter and, as early as the latter part of the last century, the bulk of produce was sold on the English market. Exports to this country declined considerably in the immediate post-war period, but have, more recently, again increased, though the amount exported to the United Kingdom in the record year of 1896 has never again been equalled; at the present time the large proportion of Swedish butter is producer-co-operatively produced. Co-operative handling of milk for liquid consumption has developed also very rapidly recently, particularly in connection with Stockholm's supply, where the "Milk Central" has almost a monopoly.

It was some time, however, before any national organization of co-operative endeavour emerged. In 1916 the General Agricultural Association of Sweden was founded, by the industry itself, as a co-ordinating body and now has affiliated to it the national and regional societies responsible for the organization of co-operative distribution of the more important farm commodities. To this association the State has, particularly since 1930, made large direct grants for the furtherance of its work, particularly with the intention of speeding up the development of co-operative organization in those branches of the industry where it lagged behind. The grants have been continued and increased under the Social Democratic administration, and there has been no change of policy with the change of Government. No attempt has been made to superimpose

any form of State control of agricultural marketing (other than price control referred to later), but rather continuance of fostering natural co-operative enterprise. At the present time central societies, affiliated to the General Agricultural Association, exist for milk and milk products, for slaughter, for eggs and for the supply of requisites and credit. Similar societies for the disposal of timber and for fruit are in existence and are in the process of national federation. An important and interesting development has been the gradual development of the working contact between the producers' co-operatives and the K.F. (Consumers' Co-operatives). Reference has already been made to the jointly owned superphosphate factory, but assistance was also given by K.F. to aid the farmers' livestock co-operatives both by financial assistance and also by a purchasing agreement. More recently another agreement has been reached between K.F. and the co-operative dairies. Up till 1936 there was still considerable competition between these two interests—the K.F. were buying up dairies, although they had not pushed back into primary production, as have some of the consumers' co-operatives in England which engage in actual farm undertakings. After considerable negotiation and many joint meetings an implicit agreement has been reached whereby the K.F. agree to buy from the producers' organizations provided that the farming interests do not develop retail distribution. The K.F. still has several private dairies and slaughter houses in South Sweden; but a *status quo* policy has been agreed upon, though it is not, in fact, quite rigidly adhered to by either party. Be that as it may, a considerable step forward has been taken towards the common meeting-ground of organized producer and organized consumer.

It may then be seen that a great deal of the initiative for the reorganization of marketing methods has sprung from within the industry itself, assisted, in certain directions, by initial State grants and, in others, actively encouraged and helped by the already more developed consumers' co-operative organizations. A rather interesting, though somewhat depressing contrast may be drawn between this country and Sweden in this particular connection.

THE STATE'S PART

So far, little or no note has been taken of such direct part as the State has played, particularly since the advent of the present Administration. Agriculture in the post-1932 crisis period has not experienced the same recovery as industry, and the agricultural index is still below the 1925-29 base, whereas the industrial index has risen above it. During the Liberal Administration in the crisis period, a Government agricultural commission, to which reference has already been made, was set up to deal with agricultural economic questions of extraordinary nature, and this commission still continues to act. It consists of farmer, dealer, consumer and political representatives and acts as an advisory committee to the Government, more particularly on import control problems as, for instance, increasing or decreasing duties on imported cakes and meals by which it is possible to regulate the production of butter. Wheat was the first commodity to come under direct Government control in the crisis period. In 1931 the Government, acting rapidly to meet a sudden emergency, gave a guaranteed price to all farmers who had not, by 1st July, already received State loans via the banks, to hold their wheat off the market. A fixed price for wheat was maintained until 1935, but was then superseded by a policy of State wheat purchases, which purchases were particularly large in 1933-34 when the Government actually held one year's supply in hand. Wheat has been exported (to Denmark) through a company specially instituted to handle the distribution of accumulated stocks, at first a purely private venture but now taken over by State guarantee. Here, again, is an example of the Swedish method of allowing private enterprise to undertake the initial stages of development but of exercising Government control as and when occasion demands.

In 1932 (July) the Milk Scheme became effective. Although actually inaugurated by the Social Democratic Administration, it has been claimed to have its origins in the former Liberal Government and there is some political jealousy over the measure. Briefly, the scheme is a means of subsidizing the butter export to England out of a tax on milk and the maintenance of the internal butter price. Practically all export

butter passes through the National Union of Dairy Societies, and the State maintains a very rigid control over quality. This latter function of the State is of very long standing. Sweden has exported butter ever since 1870, and before the beginning of the present century quality control of exports was instituted. By 1905 this had been taken over by the State, with the granting of a State guaranteed trade-mark. The milk tax, amounting to 2 öre per litre, is collected by the dairy societies from their members or is paid, by private individuals, direct through the "Post giro" State account department. The country is divided into 5 pools for administrative purposes, and the subsidy payments for butter, arising from the milk tax, are made direct to the butter-making dairies on all butter exported.

In meat the Swedish farmer has a virtual monopoly, since imports are practically forbidden. There is a small import from Finland, but the Government exercises rigid import control, only allowing the import of flesh when the home producer is unable to meet the requirements of the home market. Sugar is also a controlled market, a private company having a monopolistic control of all home-produced sugar, but it maintains its monopoly under the severest Governmental control. The Government is responsible for the fixing of prices, the company has to pay specified prices for sugar beet to the farmer and, in return, the farmer is under contract to pay certain specified wage rates, and under this system it has been possible to maintain the internal price level of sugar. Here may be instanced an example of rigid price control over a permissive private monopoly somewhat comparable with the wheat-exporting society described above.

It may be seen, then, without further detailed descriptions, that the main policy of the Governments of Sweden in the post-crisis period, from the point of view of agricultural price maintenance, has been to adopt various systems of subsidy, direct and indirect, and of import control in order both to maintain the profitability of the export trade and the internal price level. That, in general, the policy adopted has been successful from the point of view of the farming population in that it has enabled it to continue and to increase production, seems undoubted. To what extent an artificial internal price

level has been maintained and to what extent real wages have been thereby depressed is not here possible to answer.

CAPITAL AND CREDIT

Agricultural planning, however, does not cease with purely economic problems of price maintenance and distribution. The necessity of the maintenance and improvement of the fixed capital of agriculture is of the utmost importance to the efficiency of the industry. In England, until almost the present day, the supply of what is generally termed "Landlord's capital" was forthcoming entirely from private sources, but in a country of small peasant owners it has been very necessary for the State to undertake its share in its provision and maintenance. As early as the eighteenth century the State granted loans for the improvement of agricultural properties, and this function it still continues. During the recent depression larger grants have been made on more favourable terms, but the general policy of the supply of fixed capital is no new venture on the part of the State. Draining, an extremely important problem under Swedish conditions, has received considerable encouragement, and annually some 70,000 acres are drained by State aid. During the past fifty years upward of five and a half million pounds have been contributed, nearly half as free grants and the remainder as loans in order to carry out the work, so that, at the present day, approximately one-quarter of the land under cultivation has been efficiently drained. The State has also adopted a policy for the provision of small-holdings for the past thirty years. This has been made possible by the purchase of large estates and by breaking them up into small efficiently equipped units. No powers of compulsory purchase have been granted; the State has had to buy in the open market when and as occasion offered. The new tenants of such properties pay a rent which includes a sinking fund and eventually they become freehold owners. Until the advent of the present Government the possession of a certain amount of capital was a necessary qualification for the would-be tenant, but now this is no longer a *sine qua non* and access to land has thereby been made simpler. The State has, for a long period of time, actively encouraged the break-up of the large estates, but there has not been such a clearly defined policy in this

direction as has been seen in several other neighbouring countries.

AGRICULTURAL LABOURERS

The agricultural labourer in a country such as Sweden, where, particularly in the centre and the north, the small farmer-owner is typical, plays a less important rôle than he does in a more agriculturally capitalist country such as England. To a certain extent his position is complicated, particularly in the north, by the fact that the smaller farmer may be both farmer and forest or saw-mill labourer in the winter. On the larger and more capitalist farms in the south, however, the agricultural labourer forms a distinct and important class. It is claimed that there is a general shortage of farm workers, particularly women, and that the drift to the towns and to industry, which is so remarked in this country, is also becoming an important problem in Sweden. The general rise in wage levels over the whole country and the existing shortage of farm labour have both contributed to the strengthening of the workers' bargaining power, but, even so, in certain districts there is a certain amount of rural unemployment, which is severe in winter-time. Labour is fairly mobile, tending to move from the south to the north—in winter, for forest work, and vice versa in summer when the farms are in greater need of additional workers. This moving labour population can, to some extent, account for the unemployment which exists locally in the face of a general labour shortage.¹

There exists a trade union of farm workers, but the membership is only a small proportion of the total labour force. In addition, there is a farmers' trade union, operating mainly in the north of the country, through which wage agreements are made between the smaller farmers who work also as labourers and the saw-mills. The agricultural labourers' union, however, is of some political importance, and during the crisis wages were fixed by agreement between the Farm Employers' Association and the workers' union. More recently the Government has taken an active interest in the labourers' position, and, under pressure from the Social Democratic Party, has admitted the

¹ For agricultural wage-rates cf. chapter 12, Wages and the Cost of Living.

necessity of raising farm wages in return for policy of increasing home food prices. In 1936 the working time was statutorily limited to 8 hours a day with a maximum of a 48-hour week, and overtime was also limited to a maximum of 200 hours per year. In the first instance, then, wages were controlled and improved by the reduction of the working time rather than by cash increments. It was expected that early in 1938 legislation would be passed making compulsory a legal minimum wage¹ which does not yet exist. The control of labourers' hours affects, in theory, only those employees who are working on farms which employ three or more men, but, in fact, the smaller employer finds it almost impossible to obtain labour at all unless he follows suit. This rather curious restriction was in the nature of a subsidy to the smaller farmer working as a self-sufficient unit marketing a surplus rather than as a capitalist employing labour. Agricultural wages in Sweden have been rising and, even during the crisis, were maintained at the 1925-29 level, but it is difficult, and somewhat dangerous, to make cash comparisons since allowances in kind are still very common and bulk largely in the actual real wages. The recent wage legislation has met with a considerable opposition from the conservative element represented by the larger employing farmer, but, in view of the assistance meted out to him in price control, he has had to accept a very natural, much needed and just corollary of it.

FORESTS

It is impossible to neglect the great Swedish forestry industry in considering the present agricultural situation, for the two industries are so closely interconnected that they form part of the same picture. As has already been stated, over half the area of Sweden is under forest, of which not much less than one-half is farmer-owned. In the north, the forest land frequently takes precedence over the farm lands; in the south, it is more generally subsidiary to it. For instance, a very small farm of only a few acres may possess woodland running into hundreds of acres, but it must be borne in mind that great areas of such forest are completely unexploited and can be of

¹ This proposal got no further than the recommendation of a committee (August 1938).

little economic importance at the present time, for not only is much of the privately owned forest unscientifically managed but also the timber itself is of small worth and the means of communication so bad that it is well nigh impossible to lumber it. Much of the farmers' forest land is also used for grazing of cattle, to its great prejudice, but this custom is declining with the abandoning of the summer pasturages.¹ The forests in the hands of the large landowners form only a very small proportion of the whole, some 3 per cent., but since they are mostly on better land and have been most carefully tended they are among the most valuable in the country. The amount of forest land so held is a declining proportion of the whole. Private companies own just over one-quarter of the total area, but their lumbering operations are not solely confined to their own produce as they are also large purchasers of farmers' timber. Nearly one-fifth of the forest land belongs to the State; and the remainder, property of the municipalities and the Church, is under the State's control. The State acquired the bulk of its forest holdings during the reallocation of land in the middle of the eighteenth century, but it has constantly been adding to its holdings by purchase, the money being largely raised by the sale of small farms as freeholds, though recently the amount added annually has been small. Much of the State forest lies in the more inaccessible districts in the north and is, as yet, of little value. The administration of the State forests, of the agricultural lands belonging to the State and of the Royal estates, comes directly under the Board of Crown Lands and Forests. The area owned by private companies cannot be expanded by purchase from other owners, since this is prevented by legislation. The bulk of these forests were acquired during the last century from farmers, but private forests have been owned by industrial undertakings for some centuries in parts of Middle Sweden. Capitalist undertakings in forest processing developed at an early stage. Similarly, public control of the forest land has a very long history, for even in the latter part of the sixteenth century restrictions were placed on the private owner of forest lands in some districts. In the present century, legislation has been enacted whereby the forest owner is compelled to replant a felled area unless

¹ fäbod—Shieling (Scots).

the area is reclaimed as agricultural land, is not allowed to cut immature timber, and must reafforest after damage caused by pest, fire, tempest and so forth. Subject to these important limitations the owner has complete freedom of disposal of the produce. Regular replanting is simplified by the existence of forest nurseries all over the country run by the local authorities on non-profit-making lines; in fact, the commercial raising of seedlings for direct sale is an almost unheard of thing.

A co-operative marketing scheme for the selling of timber is at the present time in the process of being developed, largely by means of the State grants to the General Agricultural Association, to which is affiliated the appropriate organization, but apart from this there has been no development in selling methods amongst the agrarian owners. The forest worker, too, is very ill-organized and there is no effective trade union organization, other than the Farmers' Union already referred to, but this affects only the farmer-forester part-time worker.

Thus, in the business of forestry, there is a very long-standing tradition of the State and private capital competing on even terms, in an open market. The State has intervened in the protection of the forest area, has acquired large tracts of woodland for itself and has prevented the further acquirement of such land by capitalist undertakings. Here its function has ceased, there has been no attempt at monopolistic control nor to oust the private owner who is unwilling to sell.

AGRICULTURAL TECHNIQUE

To attempt to give even so brief an account of the more recent development of Swedish agriculture and of her closely allied industry of forestry without making due reference to her rapidly developing technical efficiency would be to neglect a most significant factor. That her agricultural industry has been able to withstand, so successfully, the economic dangers through which it has passed, in common with all European primary production, during the post-war period, is partly due to her political machinery but much more due to the technical efficiency of her producers and to the work of educationists and research workers. Setting aside any natural advantages of soil and climate which she may be argued to possess, it would

be hard, if not impossible, to find in any country in Europe, or outside it, a sounder, more developed and productive farming than is found in Sweden. Whilst a good deal of the farming in the North and in Middle Sweden is apparently still primitive, the severe limitations of climate and topography of those areas must be carefully considered. In the Southern provinces, which contribute so largely to the agricultural wealth of the whole country, is to be found an agricultural system and farm economy which must remain the admiration and envy of those qualified to assess its qualities. Agriculture has in no way lagged behind industry in developing its proficiency and, as far as can be ascertained, the post-war depressions have not had any marked influence nor have they checked the expansion of farming. One of the most startling and rapid changes in production in the last few years has been the expansion of wheat growing at the expense of the rye crop. Rye, as a bread corn, had held its position in Sweden longer than in most other European countries, but, with the changing standards of living, the demand for wheat increased greatly. Response to the demand has been remarkably quick, and within the last ten years the wheat acreage has been practically doubled so that now the average harvest is, to all intents and purposes, of sufficient quantity and quality to supply the home demand and only very small imports have to be made.¹ It has been a great triumph, not only for the farmer but also for the plant breeder who has produced the necessary strains and varieties for Swedish conditions, and always the very closest contact has existed between the scientist and the farmer, the one having been prepared to apply much of his time to the practical field, the other ready to adopt and to use the material made available. Today, Sweden leads the world in the science of plant breeding, and upon her England relies for much of her farm seed. It is not possible, nor is this the place, to go into detail concerning the methods of agricultural production, but it is important to emphasize the interdependence of livestock and crop farming. In spite of the development of stock farming, the country is self-supporting in sugar, in potatoes (to excess, manufactured as alcohol) and almost independent

¹ Recently there has been overproduction and export of wheat; imports are mainly small quantities of high quality hard wheats.

of imported wheat. Animal production has also increased, and more than four-fifths of all the *cropped* land is used for cattle food for conversion to milk, butter and meat. Permanent grassland, our English reply to the cheap corn from America in the 'seventies and again after '21, has such a minor position in Swedish farming as to be remarkable by its virtual absence. Thus the reply to cheap imports of agricultural commodities has been neither isolation by tariffs nor the laying of land down to doubtfully productive grass but rather a further intensification of production made possible by a constantly improved technique. Thirty years ago it was English seed and English livestock which was exported to Sweden. Today it is Swedish seed that is often found growing on English farms and Swedish livestock products which are sold on our home markets.

To have concluded this study with emphasis upon technical efficiency is intentional. Farming skill is as great as or greater than skill in many other forms of production, and without it no amount of economic planning will be able to rescue the agricultural industry and to restore it to its rightful place. Sweden's agricultural reply to economic depression has been to continue to develop her farming but not to specialize it. In contrast with Denmark, who has specialized her farming for an export trade of animal products produced largely on imported feeds, Sweden has developed both her animal production and her grain-growing at the same time. Her farming is one of the most self-supporting rural economies that can be found, commensurate with an important export business. It is a farming system which is well designed to withstand the shocks of price fluctuations and market changes, and one in which the home market is of prime consideration. To this end the industry has been assisted by three main factors. First and foremost by the technical skill of those who control it, secondly by the capacity of the farming interests themselves to plan and carry out much of their own economic reorganization, and lastly by Government measures.

The Swede has a pragmatic and radical outlook on his problems in general and evinces an avoidance of both sentimental and academic theories. The result, most certainly from an agricultural point of view, has been, and is being, the development of a dynamic form of democracy, a proof, in an unstable

world, that such a system can function and expand, a system in which the Government assists and supports but does not initiate.

SOURCES

Most of the information that is available on Swedish agriculture is in scattered and ephemeral articles. *The Swedish Agricultural Atlas*—a translation of which is now in progress—is most valuable for reference.

II. POWER

By GRAEME HALDANE

It is generally assumed that water power is one of the most valuable assets a country can possess. In so far as this is the case Sweden is fortunate, since she owns very extensive water power resources. Of coal there is an almost negligible quantity, but there are large deposits of peat, some of which might possibly be used for power production, as has been done in the U.S.S.R. Timber might also be used, but neither peat nor timber will be employed for power purposes until the water power resources have been fully utilized, and this will not occur for a long time to come.

POWER RESOURCES

It is estimated that the available water power resources of Sweden total approximately 32,500 million kWh. per annum, that is, more than 5000 kWh. per head of population. Only a quarter of this total has as yet been developed, so that the present very high production of electricity—over 1200 kWh. (1100 in 1935) per capita—can be quadrupled before Sweden requires to consider seriously alternative power resources. Up to the present most of the developed water power is in the southern and central regions of the country. These regions have now been fairly fully exploited, and the major portion of the undeveloped water power resources lies in the northern districts. In the future, therefore, this undeveloped power of the northern districts will be utilized and transmitted at extra high voltage to the comparatively densely populated industrial areas of Central and South Sweden. Such development is already in progress, and by 1939 there will be a complete backbone of high voltage transmission lines extending from the extreme south to the extreme north, part of this backbone operating at 220 kV. and the rest at 132 kV.

The development of the northern water power resources of Sweden is of twofold importance. In the first place, it means

the harnessing of very extensive power resources which as yet have hardly been touched. In the second place, northern water power reaches its maximum in the summer when the snows melt, whereas southern water power is at its maximum in the winter when the rainfall is heaviest. This is important because one of the inherent difficulties in the use of water power is the very large fluctuation between the maximum and minimum available power. Sweden has had, from time to time, to face periods of acute water shortage, as for instance in 1933 and 1934. Because of abnormal, as well as normal, fluctuations in water flow, the risk of transmission line failures and also occasional trouble due to freezing of power station intakes, it has been necessary to construct and maintain available a number of steam generating stations having an aggregate capacity of nearly a quarter of the total water power, and such stations will still be required even after the linking up of the northern and southern regions.

It is desirable to stress the above facts because it should not be thought that the possession by a country of water power resources is necessarily a greater asset than the possession of fuel resources such, for instance, as the coal resources of Great Britain. One of the main differences between water power and coal power is that, once having built a water power station, there is a strong economic urge to make the maximum possible use of the station, since the annual cost, *i.e.* interest on capital, is fixed and independent of output. In the case of steam stations the cost of operation is largely dependent on the output, and there is, therefore, less urge to make the maximum use of the station. Perhaps there is another less tangible but equally important difference. Water power has a direct appeal to the imagination of a people, because it is an obvious and inexhaustible source of power and, for instance, both in the U.S.S.R. and in Eire the development of the national water power resources has been of considerable political importance.

COSTS AND PRICES

The actual production costs of power in Sweden are probably only about half those in Great Britain, but any comparison would require certain qualifications. In the first place, the Swedish water power stations are not, in general, situated close

to the towns which they supply. Consequently a certain addition has to be made to the Swedish figure to allow for the cost of main transmission. In the second place, as has already been pointed out, the necessity of building and keeping available a certain number of steam stations for emergency use adds appreciably to the cost.

When allowance is made for these and other factors the two costs become more nearly equal. It is difficult, or impossible, to give an accurate comparison of Swedish and British charges, because of the different circumstances which exist in the two countries. The following figures do, however, give some indication of the position:

Demand.	Load Factor (hours' use).	Total prices per kWh.	
		Sweden.	Great Britain (Grid Tariff).
4000 kW.	4000	0.3d.	0.395d.
2000 kW.	4000	0.324d.	0.395d.
200 kW.	2500	0.563d.	0.512d.
100 kW.	2000	0.72d.	0.590d.

These figures indicate that for comparatively large supplies at high load factor the Swedish charges are appreciably lower than the British "Grid" charges, but that the reverse is the case for small supplies at lower load factor.

An important difference between Sweden and Great Britain lies in the fact that many Swedish industries have been located near water power sites in order to obtain cheap power. Such industrial concerns have built their own power stations and obtain power a good deal, sometimes very much, more cheaply than British industries located in the coal-fields. In this country there are but few instances of the location of industry adjacent to water power sites, although the British Aluminium Company's works at Fort William do constitute one important instance.

Broadly it might be said that where it has been possible to place Swedish industries alongside water power sites—as for instance pulping mills, whose raw material is the timber floated

down the rivers—the cost of power is much lower than in Britain, but when the placing of industry has been determined by other factors, and power has to be bought from the Supply Authorities—the State, the Municipalities or the Power Companies—the cost is probably not very much lower than that at which supplies could be bought from the Grid in this country. This comparison, however, requires the important qualification that the prices charged in Britain depend not only on the Grid charges but also on the policy of the Supply Authorities whose function it is to purchase from the Central Electricity Board and retail to individual consumers.

A comparison of retail prices is even more difficult to make, particularly as those charged in Great Britain vary widely as between different undertakings. It would appear, however, that the Swedish domestic supply prices in urban areas tend to be relatively high as compared with municipal undertaking prices in this country. On the other hand, the rural area prices tend to be decidedly lower than those in Great Britain.

Two factors advantageous to Great Britain as compared with Sweden are the greater density of population in the former country, and the climatic conditions favourable to the use of electric heating, both of which factors tend to reduce distribution costs per kWh. and thus offset the Swedish advantage in production costs. It must, however, be added that the Swedish charges in urban areas are increased because of the substantial contributions which are made to the general municipal revenue from profits on the electricity undertaking.

It might be expected, owing to the higher cost of coal in Sweden, that the price of gas would be high, but this is by no means always the case, particularly in the large cities. The higher cost of coal is offset by the profitable sales of by-products, particularly coke, and gas cooking is still very general in the central area of the cities. Electric cooking is spreading as more suitable municipal tariffs are introduced. The usual tariff is of the price-graded block type, and the prices of the lowest block are now being reduced to levels at which electric cooking becomes economic.

It has already been mentioned that the total production of electricity in Sweden amounts to over 1200 kWh. per capita. It might be thought that a similar figure could easily be given

for Great Britain, but unfortunately, owing to the absence of complete statistics, it is difficult to give an accurate figure for the total British per capita production. Fully detailed statistics collected by the Electricity Commissioners are available for public supply in Great Britain, but there is difficulty in obtaining accurate figures for the output of electrical energy from privately owned stations. It is probable that the average production of electricity in Great Britain in 1936 was about 650 kWh. per capita, or about half the Swedish production.

HISTORY AND ORGANIZATION OF SWEDISH WATER POWER SUPPLY

The use of water power in Sweden by means of various forms of water wheels is, as in Great Britain, very ancient. In the extremely interesting industrial museum of the Stora Kopparbergs Company in Falun there are to be seen many models of ancient, and in some cases highly ingenious, methods of utilizing water power for industrial purposes, dating almost from Viking times. The conversion of water power into electrical energy is, of course, of much more recent origin. Electric generators were installed in some industrial plants at Trollhättan during the last decade of the nineteenth century, but it was not until some twenty years later that large-scale hydro-electric development commenced. Between 1885 and 1910 the urban supplies of electricity were given mainly from small coal-burning generating stations feeding into local D.C. distribution systems. The Stockholm Municipality did not acquire a water power station until 1918, although prior to this date some interchange of power took place between the Stockholm Municipality and the State-owned transmission system fed from water power stations. Roughly speaking, the development of Swedish hydro-electric power and its transmission to urban and industrial areas can be regarded as having commenced between 1906 and 1910, and this development was, of course, greatly accelerated by the very high cost of coal both during and after the war.

From the earliest period of electricity supply in Sweden there was in existence a large measure of State ownership. This came about because the State owned much land on which water power sites existed. At first many of the towns were supplied

by private enterprise, but now practically all the towns in Sweden are supplied by municipally owned undertakings and some of the power companies are controlled by municipalities. For instance, the South Swedish Power Company, which supplies mainly in bulk over a large area in the south of Sweden, is controlled by six municipalities in that area, although operated more or less as a private concern.

In 1906 construction of the first large State-owned water power station was commenced at Trollhättan and by 1910 was completed. Porjus, in the far north, and Älvkarleby, in Central Sweden, were completed shortly afterwards. These and many other State plants are under the control of a special State Board created in 1909, which later became the Royal Board of Waterfalls. Since 1910 State activity in the power supply industry has steadily developed, and at the present time about one-third of the total energy production of Sweden is State-owned.

The production of power in Sweden is now divided approximately as follows:

	Per Cent.
State	31
Municipal and Municipally controlled Supply Companies	17
Private Supply Undertakings	19
Industrial Undertakings producing power for their own use	33
	<hr/>
	100

Excluding the industrial undertakings which produce mainly for their own consumption, the division is as follows:

	Per Cent.
State	46
Municipal and Municipally controlled Power Companies	25
Supply Companies	29
	<hr/>
	100

These latter figures give a better comparison with those usually cited in connection with Great Britain, which in general

refer only to the public supply of electricity and exclude the power produced by private industry for non-public use.

State activity is confined mainly to power production and bulk supply, in which field the State has a predominant position, whereas retail distribution is mainly in the hands of the municipalities and, in the rural areas, Co-operative Associations of consumers. As will be shown later, the State does, however, exercise a considerable influence on retail distribution, especially in connection with the rural Co-operative Associations. Such influence is of a purely voluntary nature and is not based on any statutory powers.

Private enterprise is confined largely to water power stations owned by individual industrial undertakings, but there is also a number of power companies engaged in the production, transmission and public supply of electricity. The largest of these companies, the South Swedish Power Company, is, as already mentioned, controlled by municipalities, and all are under the influence of the State Water Power Administration, particularly as regards the standard of bulk supply prices.

The particularly interesting feature of the Swedish electricity organization is that public ownership and control have grown up, step by step, with the development of the industry, and at no period has legislation been passed with the object of confining future development within the sphere of public ownership. In theory all through the history of Swedish electricity supply there has been free competition between the State, the municipalities and private enterprise. This competition was fairly intense at one period but has now been replaced by a system of co-operative and business-like agreement between all the interests concerned, often described as "the Swedish system."

Within this "Swedish system" the State, which is the largest water power owner, has acquired a predominant position and is now the yardstick by which other forms of enterprise can be measured. Very little legislation has been passed which bears directly on the electricity supply industry, and in this Sweden stands in marked contrast to Great Britain, where an enormous mass of very complex legislation is to be found on the Statute book.

The State is represented in the Swedish electricity supply industry by the Royal Board of Waterfalls, which consists of a

Director-General, or Chairman, and four part-time members. The Board of Waterfalls can be regarded as the equivalent of our Central Electricity Board, although it must be borne in mind that there are considerable differences. Thus, while the C.E.B. owns the whole of the primary transmission system throughout the country, the Board of Waterfalls owns only a large portion in Sweden. On the other hand, the Board of Waterfalls owns many of the power stations in Sweden, while the Central Electricity Board owns none in Great Britain.

The Director-General of the Board of Waterfalls is required to devote his whole time to the business of the Board. The four part-time members are non-officials appointed by the Crown as representative persons of experience and judgment. According to precedent one is a highly qualified engineer, one an industrialist, one a lawyer and one an agriculturist. The Director-General deals individually with all except important matters of principle and policy, which require to be submitted to the whole Board. Although the Board is directly under a Government Department, the Ministry of Communications, it appears, within certain limits, to enjoy a very considerable measure of autonomy. It is, however, subject to Parliamentary decisions on matters of broad policy and has to observe Government regulations, sometimes rather hampering, in the matter of salaries paid to its staff. Capital is supplied by the State, and at present a return of 6·1 per cent. is paid on the total capital investment, including the estimated value of the State water power sites. It is possible that this 6·1 per cent. return (from which amortization fund contributions are paid) will be reduced in the future.

In addition to the administration of the State Power System the Board owns and operates two important canals.

The Board's very extensive transmission system already covers most of Sweden and will, in the course of another year or two, form a complete backbone stretching from the extreme south to the extreme north, linked to and operating in conjunction with private and municipal transmission lines. The extensive and long-established co-operation between the State, the municipalities and the power companies compares favourably with the history of electricity supply in Great Britain, at least up to the creation of the Central Electricity Board in 1926.

No doubt the growth of co-operation in Sweden was associated with the fact that there were and are no private monopoly rights, such as we created in Britain, and hence competition was possible in the event of any undertaking tending to charge excessive prices and to restrict development. On the whole, private enterprise seems to have accepted the fact that public enterprise is the dominant factor. The State has, however, given voluntary recognition to the areas in which private enterprise operates, provided the companies charge reasonable prices, which in fact they do. In some cases the Board of Waterfalls has allowed private enterprise to develop water power sites belonging to the State.

It might have been expected that absence of monopoly rights would have resulted in excessive and wasteful competition, but, on the contrary, it had, at least up to very recent times, resulted in remarkably close co-operation between the three interests—State, municipal and private enterprise. The mere knowledge that competition was possible had enabled the three parties to make fairly satisfactory arrangements both with regard to partial standardization of prices and to inter-connection, without actually resorting to wasteful competition.

The position now is, perhaps, undergoing some change. Owing to the extensive growth of the industry a system of "co-operative competition" may prove scarcely adequate. Closer inter-connection and a greater degree of national planning may become more necessary in order to achieve maximum economy, and the Swedish system—the main characteristic of which is, after all, the almost complete absence of any definite system—does seem to be showing signs of requiring more definition. One of its slightly weak spots appears to be the relationship between the State and the municipalities. The latter have monopoly rights within the municipal boundaries and are not, therefore, subject to competition within their distribution areas. Apart from this, however, some of the larger municipalities have acquired considerable, sometimes controlling, interests in certain power supply companies. The South Swedish Power Company is municipally controlled, and the City of Stockholm, together with the above-mentioned company, have acquired a substantial interest in the Krångede Power Company. This has resulted in the interests of certain

of the municipalities and power companies becoming identified, sometimes rather in opposition to the wider interests of the Board of Waterfalls. There was in fact recently a clash between the interests of the Board of Waterfalls and those of the municipalities and companies forming the Krångede group, in connection with the construction of a 220 kV. main transmission line from the northern areas to South Sweden. The construction of this line was commenced without prior consultation either with the Board of Waterfalls or with the Department of the Kommerskollegium (Board of Trade), which deals with electrical matters and corresponds, more or less, to our Electricity Commission as regards the sanctioning of overhead line construction. The line in question was of primary importance in the whole planning of the Swedish transmission system, and very naturally the Board of Waterfalls was deeply concerned to find that its construction had been commenced without prior agreement and authorization. The subsequent controversy was serious, but the matter was settled, temporarily at least, in a truly Swedish manner. The Board of Waterfalls proposed, and the companies agreed, to submit the matter to independent investigation under the auspices of the Board of Trade, the investigator chosen being Mr. Granholm, the Director-General of the Swedish State Railways.

The controversy is likely to prove of considerable importance in the future development of electricity supply in Sweden. Although its temporary settlement by agreement is evidence of the co-operative spirit which permeates the whole nation, the fact that so serious a controversy could arise may be a warning that the relative functions of the State, the municipalities and the companies require somewhat more, though not necessarily rigid, definition. It is probable that legislation will shortly be passed which will make it impossible for transmission lines to be erected in the future without the specific authority of the Kommerskollegium, whose function it will be to consider the need of proposed transmission lines in relation to the national requirements and, when necessary, to obtain the opinion of a small body of independent experts of wide experience and important standing. Mr. Malm, the Director-General of the Board of Waterfalls, has himself advocated such machinery on the grounds that the judicial and executive

functions of the State should be separated. The Board of Waterfalls is an executive body possessing wide powers, and it is therefore desirable that there should be some quite independent and impartial body to whom any dispute involving important matters of principle should be referred.

Some legislation on the above lines would appear essential in order to achieve a unified and rationalized system of production and transmission; in fact, it is probably true to say that in no country except Sweden could it have been hoped to create a rationalized industry without the existence of a central authority possessing extensive compulsory powers. In Sweden it will probably be possible to do all that is necessary with comparatively simple, and comparatively little, legislation.

The existing line of cleavage is, perhaps, not so much between public and private enterprise—as is the case in most other countries—but between the State and a certain group of municipal and private undertakings. The former regards the problems of electricity supply from a national point of view, while the latter tend to regard them from a somewhat narrower local point of view.

RURAL ELECTRIFICATION

One of the most interesting features of Swedish electrification is the system of Rural Co-operative Associations through which so much of the retail supply of electricity outside the towns is conducted. These Co-operative Associations vary considerably in size but are nearly all very small in comparison with supply undertakings in this country. On the average the consumption of electricity per Association is only of the order of 150,000 kWh., the average maximum demand being less than 100 kW.

A Co-operative Association is formed by a number of farmers and other consumers in a rural district coming together and either subscribing the capital required to construct a low voltage distribution network, or guaranteeing the interest and sinking fund on loans raised from special State funds or from the banks. The amount to be subscribed by each member of the Association depends on the acreage of his farm or the number of rooms in his house. The Association then enters into an

agreement with the Board of Waterfalls, or other supply authority, for a bulk supply, usually at 3000 volts. The Association constructs the overhead lines, purchases transformers, switchgear, etc., and provides the connections to each consumer's premises. It also employs generally one trained linesman whose job it is to maintain the overhead lines and equipment and read the meters. The linesman usually also maintains consumer's apparatus, does wiring work, etc., for which he is paid by each consumer. In addition, the part-time services of one member of the Association will probably be secured to keep the books and accounts of the Association.

Such a system of rural supply may seem strange to us in this country where we are accustomed to large-scale public supply undertakings, but in Sweden, after a certain amount of financial difficulty following on the post-war depression, the system has worked excellently. At the present time over 60 per cent. of all the farms in Sweden are electrified, this representing about 80 per cent. of those within the reach of the distribution networks. In most instances the prices charged by the Co-operative Association are now very reasonable. One of the advantages of the Co-operative system is that the consumer-owners take a keen interest in the problems of electricity supply and become "electrically-minded." It is therefore possible to do things which in this country would probably lead to trouble with the consumers, who have, as yet, less understanding of the principles of electricity supply and are apt to be suspicious or even obstructive. Comparatively complex scientific tariffs can be used successfully in Sweden and there is little difficulty in obtaining wayleaves for the overhead lines.

The success of the system does, however, very largely depend on the fact that so many of the Co-operatives are helped, advised and generally looked after, by the Board of Waterfalls. The latter issues standardized account books and instructions on book-keeping. It also gives technical advice and assists with the publicity and demonstration work. Most important of all, it has been extremely active in encouraging the Co-operatives to adopt a progressive policy of reducing prices and increasing sales. By these means the Board has greatly helped to keep the finances of the Co-operatives—which in the post-war years were none too satisfactory—on a sound basis and has

been successful in getting them to amortize their loans at a rapid rate; in fact, today many of the Co-operatives have paid off all, or most, of their indebtedness and are now in a position to charge very low prices indeed to their members. Naturally, too, the Board has evolved bulk supply tariffs suited to the varying requirements of the Rural Co-operative Associations, and the Board's charges have set a standard to which other supply authorities conform. A considerable number of Rural Co-operative Associations are supplied by authorities other than the Board. These other authorities have successfully pursued much the same policy as described above.

The success of the Co-operative system may fairly be ascribed to two main factors: first, the supervision of the Board of Waterfalls or other supply authorities; and, second, the fact that co-operation has for so long been widely practised in many aspects of Swedish life. It should also be added that the Swedes are a very highly educated people.

What has been said above somewhat qualifies the earlier statement that the Board of Waterfalls was concerned mainly with the production and bulk supply of electricity. In fact, the influence of the Board on retail distribution, particularly in rural areas, is very considerable. Furthermore, the Board actually does much of what in this country would be called retail distribution, because it not only supplies small Co-operative Associations at 3000 volts but also supplies direct individual industrial consumers. If Swedish experience is at all applicable to this country it would appear to suggest that provided there is a national (or at least regional) public authority performing the functions of bulk supply, the first stages of retail supply, and able to supervise and influence the final stages of retail supply, these final stages can be carried out economically by quite small organizations. It is, however, interesting to find that the experience of the B.O.W. seems clearly to indicate that the most successful Co-operatives are those somewhat above the average size in Sweden—perhaps selling about a quarter of a million kilowatt hours per annum. In view of this experience the Board is encouraging amalgamation so as to increase somewhat the average size of Co-operative Associations.

URBAN ELECTRIFICATION

Practically all the cities and towns of Sweden have now municipal electricity supply undertakings, and it seems to be more or less generally agreed that this is preferable to supply through company undertakings. The success of municipal supply does not, however, appear to be so striking as the more recent success of rural supply. It is surprising to find that the domestic tariffs charged in rural areas and small towns are often just about as low as—or sometimes indeed even lower than—those in urban areas. There are two factors which to some extent account for this. In the first place, the capital cost of the rural networks may often have been met by lump sum payments by the Co-operative consumers, and on these payments there are no interest or sinking fund charges to be covered in the prices charged for electricity. In the second place, many of the municipalities contribute very substantially, out of profits on the electricity undertakings, to the general municipal revenue. This can be regarded as a quite serious criticism of municipal policy and undoubtedly tends to keep the prices in urban areas at an unexpectedly high level. There is now a movement in Sweden to limit the contributions paid from electricity undertaking profits into the general municipal funds, and in some cases it may be possible to fix the absolute amount at the present figure so that, as the total gross revenue increases, the percentage representing profit will gradually fall. Such reform and many others designed to rationalize the industry have been advocated by the Association of Swedish Electricity Works, which is a private organization representative of all types of electricity enterprise—State, municipal and private, including also some industrial concerns—except only Rural Co-operatives.

Partly on account of the relatively high charges—though these are now falling pretty rapidly—partly on account of competition from gas, and partly because climatic conditions do not favour the use of electric heating so much as in Great Britain, the urban consumption is lower than might be expected in a country so highly electrified as Sweden. Electric cooking is not yet very fully developed in the central urban districts where gas is surprisingly cheap and, since the gas undertakings

are nearly all municipally owned, there is less urge to accelerate the growth of electric cooking. The latter condition would, no doubt, be criticized by many electrical engineers in this country although, provided electricity charges are not kept unnecessarily high, there is much to be said for co-ordination of gas and electricity sales, bearing in mind the large sums which have already been sunk in the gas undertakings.

As already mentioned, the electricity charges have been falling rapidly of late in most cities and, since more suitable tariffs have been introduced (largely as the result of the valuable work done by the Swedish Association of Electricity Works), the point has been reached where electric cooking in urban areas is beginning to increase rapidly. The consumption of electricity for ordinary heating purposes is, however, very low compared with this country, mainly because climatic conditions favour the use of central heating and much of the coke required can be supplied cheaply by the Gas Companies.

There has for a long time past been a very satisfactory understanding between the Board of Waterfalls and the many municipalities purchasing their bulk supplies from the Board, but until recently the Stockholm system was isolated from the Board's system because of the former's non-standard frequency. Now that the frequency has been standardized the two systems are to some extent connected. The South Swedish Power Company's system has also been largely isolated and has only a very small exchange of power with that of the Board. It appears that the South Swedish-Krångede-Stockholm group has a certain tendency to assert its own independence and perhaps to resent the increasing importance of State enterprise. It is this tendency which has led sometimes to controversy between the State Administration on the one side and the municipalities and companies on the other. Probably the legislation which, as already mentioned, is likely shortly to be passed by the Riksdag, will help to clear up the position. Obviously the proper planning of Sweden's power production and main transmission will be difficult in the future if a municipal and a private group owns water power stations and extensive main transmission systems which are not adequately co-ordinated with the main Swedish "backbone."

RAILWAY ELECTRIFICATION

Nearly 4000 kilometres of the Swedish railways, out of a total of 16,000, are electrified or are in course of electrification.¹ This includes about half of the total route mileage of the State Railways carrying 80 per cent. of the traffic; the amount of electrification on the privately owned railways is comparatively small. Electrification was started in 1915 in the extreme north of Sweden, beyond the Arctic Circle, on the Luleå-Narvik line which carries the heavy ore traffic from the iron mines in that region and runs through an area having abundant water power. The complete electrification of this line, which runs right across Scandinavia from the Baltic to the North Sea, was finished in 1922 and has proved a complete and unqualified success despite the severe climatic conditions under which it operates.

During recent years electrification has been proceeding at the rate of about one kilometre of route per day. A small proportion of the work in progress at the present time is probably being done more for strategic and defensive reasons than for purely economic reasons, but despite this the Railway Administration has been able to pay to the Treasury the full interest and renewal fund contributions on the total capital expenditure. The satisfactory economic position of the Swedish State Railways has been achieved despite a highly developed motor bus service and must be attributed, at least to a considerable extent, to the results of extensive electrification. Unlike Great Britain, where a direct current system has been adopted for such railway electrification as has been carried out, Sweden has adopted an alternating current, single phase 16 $\frac{2}{3}$ cycle system. Technically this has proved very satisfactory for Swedish conditions, although this in no way implies that the system standardized in Great Britain is not equally suited to British conditions. The cleanliness and comfort of Swedish electrified railways may well make British passengers wish that an equal proportion of British main lines had been electrified.

The bulk of the power requirements of the State Railways is supplied by the Board of Waterfalls, on terms which seem to

¹ See chapter on Industry for the position of the State Railways.

be satisfactory to both parties. The railway load now forms an important part of the Board's sales, amounting to over 15 per cent. of the total. Experience has shown that it is advantageous for the Railway Administration to buy from the general power system rather than to construct its own power stations and transmission lines. The arrangement adopted is that the Railway Administration buys three-phase energy usually at 6 kV. and converts this energy in its own sub-stations to single-phase low frequency. It is interesting to note that, in accordance with the co-operative character of the Swedish system, the Board of Waterfalls has not hesitated to recommend the railway Administration to buy from the power companies in certain cases where conditions are such that the latter are in a position to give the supply more easily than the Board.

In conclusion it can be said that the general results of main line railway electrification in Sweden have been so satisfactory, both economically and as regards comfort, convenience and speeding up of the service, that the complete electrification of all the important lines in Sweden is only a matter of time.

CONCLUSIONS

The outstanding feature of the Swedish power industry is the co-operation which has existed between the three parties, the State, the municipalities and the companies. The whole system—in so far as it can be called a system—has grown up under the very effective influence of State enterprise exercised under the following conditions:

- (a) Outside the municipal boundaries free competition is possible without any legislative restrictions.
- (b) The State owns many of the water power stations and much of the transmission system, but has no special privileges in relation to the municipal and company undertakings.
- (c) The State has, where necessary, competed with municipal or private undertakings in order to ensure cheap and adequate supplies to the public, but the threat of such competition, rather than its actual carrying out, has usually been sufficient. Subject to the ultimate right of competition there has been *de facto* recog-

dition between the State, the municipalities and private enterprise, of the boundaries of distribution areas.

- (d) The influence of the State on rural distribution through the Rural Co-operative Associations has been very great and very beneficial.
- (e) The cardinal policy of the State as represented by the Board of Waterfalls is to maintain prices at the lowest level economically possible and consistent with a general electrification of the whole country.

The importance of the State is likely to increase in the future, partly because the future power requirements must be largely supplied from the waterfalls of Northern Sweden, many of which belong to the State, and partly because the economic advantages of a more systematic national planning of power production and transmission are increasing. Legislation is likely to be passed shortly which will strengthen the position of the State.¹

Private enterprise in Sweden seems, on the whole, to have been content with moderate dividends and seems also, on the whole, to have pursued a progressive policy. Excluding purely industrial concerns and those companies which are municipally controlled, it has a comparatively small share in the supply industry. It is probable that the policy of the Swedish companies differs from that of companies in other countries, partly because public opinion in Sweden is very unfavourable towards a "big profit, small turnover" policy, and partly because the share capital of the companies is owned more by the banks and other concerns than by numerous private individuals. The Swedish people do not, for the most part, indulge in industrial speculation, and consequently there is less stock exchange influence on company policy.

The municipal undertakings are very efficiently run and have been successful in achieving a rapid increase in consumption. However, their position in the Swedish system appears to be open to criticism on two grounds. Firstly, the connection of some municipalities with certain of the big power companies tends sometimes to put them in opposition to the rather wider

¹ See Postscript.

national interests represented by the State; and, secondly, their policy of making large profits on the electricity undertakings has tended to keep the price of electricity in the urban areas higher and development slower than it might otherwise have been. Their tariffs are, however, being successively reduced, and in this connection the Association of Swedish Electricity Works has done very valuable work in encouraging the adoption of lower and more scientific tariffs. The primary activity of the Association is centralized research to promote the rational development of the industry.

In the rural areas the success of the Co-operative Associations has been very remarkable indeed and indicates what can be achieved by creating amongst the consumers a direct interest in, and knowledge of, the business of electricity supply. The success is, however, equally due to the fact that a central organization—the Board of Waterfalls, or in some areas other supply authorities—controls or influences the system, particularly on the financial, administrative and publicity sides, as well as advising on technical matters. There is probably much in the Swedish experience of rural supply which can be profitably studied by this country.

What has been written on the subject of Swedish power has been, as far as possible, an objective and critical study, but it must in conclusion be stated that no student of the Swedish power industry can be other than immensely impressed by the success of the system. The criticisms which have been made are relative only and, if the history of the Swedish power industry were to be compared with that of the power industries in other countries, the results would probably be very favourable to Sweden. The Central Electricity Board in Great Britain is, no doubt, now having an influence on the British power industry somewhat similar to that which the Royal Board of Waterfalls has exercised on the Swedish industry, under rather different conditions, since 1909.

SOURCES

(1) Swedish Papers read before the Third World Power Conference (1936):

“Power Resources, Development and Utilization.” By Prof. A. F. Enström and Erik Upmark.

"Organization, Financing, and Operation of Publicly Owned Electric and Gas Utilities in Sweden." By G. Malm and H. M. Molin.

"Public Regulation of Private Electric Utilities." By E. Eskilsson, M.S.

"National and Regional Planning and their Relation to the Conservation of National Resources." By Dr. W. Borgquist.

"Regional Integration of Electric Utility Facilities." By Dr. W. Borgquist.

"Planned Utilization of Water Resources." By Dr. W. Borgquist.

"Rural Electrification in Sweden." By H. Edholm, E. C. Ericson, and T. Staaf.

"Rationalization of Distribution of Electric Energy." By E. Velander, A.M.

"National Power and Resources Policies in Sweden." By G. Malm.

(2) *State Power Plants in Sweden*, 1933, and other reports and data supplied by the Swedish Royal Board of Waterfalls.

(3) *Swedish State Railway Electrification*, and other reports and data supplied by the State Railway Administration.

(4) Publications and information obtained from the City of Stockholm Electricity Works, The City of Malmö Gas and Electricity Works, and the South Swedish Power Co.

(5) "Brief Survey of Electricity Supply in Sweden." Read by Mr. E. Velander before the 5th Scandinavian Electro-technical Conference in Copenhagen.

(6) Information obtained from the Swedish Association of Electricity Works.

(7) *Hydro-electric Development in Sweden*, by Erik Upmark.

(8) Information obtained from the Institute of High Tension Research University of Uppsala.

(9) Information obtained from the Stora Kopparbergs Bergslags Aktiebolag.

(10) *Sweden, its Economic and Social Life*, by Mauritz Bonow.

(11) Information obtained from the A.S.E.A. (Allmänna Svenska Elektriska Aktiebolaget.)

POSTSCRIPT

The Swedish Government have, as anticipated, prepared regulations for the future control of the electricity supply industry, and these regulations have now been passed by the

Swedish Parliament. The salient features of the regulations are as follows:

(1) The right to distribute electricity to be restricted in future to undertakings which are granted a concession by the appropriate Department of the Board of Trade for the construction of distribution networks.

(2) The concession period to be limited to 40 years normally, or 60 years if there are special circumstances.

(3) Applications for concessions relating to the construction of transmission lines to be considered from the point of view of the necessity for the lines and their desirability, having regard to the national planning of the industry.

(4) A Price Regulating Commission to be created consisting of five members appointed by the Government. Any existing or prospective consumer to have the right to appeal to this Commission with regard to prices charged or proposed by any Company undertaking. The Royal Board of Waterfalls and municipal authorities will, however, be exempted from regulation by the Commission.

The Swedish Minister of Commerce has stated that direct regulation of price will not be resorted to until all other methods for obtaining agreement have failed. If voluntary agreement cannot be reached, the Price Regulating Commission will give a final decision, from which there will be no appeal.

It is noticeable that the above does not include any provision to limit the profits made by municipalities from their electricity undertakings.

12. WAGES AND THE COST OF LIVING

By G. R. MITCHISON

THIS chapter is mostly about wages and the cost of living in Sweden. An inquiry into those two matters will enable us to form some idea of the general standard of life of the wage-earners, who with their families constitute the majority of the Swedish population. We shall, however, notice, in the course of the inquiry, not only that there are more people living in the country than in towns, but also that the proportion of wage-earners in the Swedish country is much smaller than it is in England. So our inquiry into wages and the cost of living will give us a less complete picture of the economic life of people in Sweden than a similar inquiry would in this country. We shall therefore supplement it with a few observations on the class structure of Sweden and the distribution of wealth. The conclusions throughout the chapter will be presented, so far as circumstances permit, in the form of comparisons between Sweden and this country.

DISTRIBUTION OF POPULATION

In Sweden $6\frac{1}{4}$ million people occupy a country nearly twice as large as England, Scotland and Wales with their 46 million inhabitants. Of those $6\frac{1}{4}$ million people, some 2 million live in towns and 4 million in the country. There is nothing approaching in size such cities as London, Glasgow or Birmingham. Stockholm has rather over half a million inhabitants: next come the southern ports of Göteborg and Malmö, the former with a quarter of a million inhabitants, the latter with under 150,000. There is no other place with more than a hundred thousand people in it. To take a few industrial towns, Norrköping and Borås, the centres of the textile industry, have respectively about 68,000 and 45,000 inhabitants; Eskilstuna, the Sheffield of Sweden, under 37,000; and

Jönköping, where the principal match factories are, under 34,000. As might be expected, both wages and the cost of living (especially rents) are higher in Stockholm than elsewhere. In fact, we may treat it, and, to some extent, Göteborg and Malmö, as rather separate from the rest of Sweden. Stockholm itself should be of particular interest to English readers: not only is it the capital, but, with all its differences, it is the nearest approach to a large English town.

In the Swedish country and the smaller towns another geographical factor affects the cost of living. The best agricultural land and the greatest density of population are in the south. In the centre of Sweden there is also some fertile land and there are various large towns. North of Stockholm the proportion of land under cultivation and the density of population begin to decline. For administrative purposes, Sweden is divided into the city of Stockholm and 24 counties. The three northern counties are in area more than one-third of the country. They consist, almost entirely, either of forest or of mountain land, which is neither forest nor agricultural. Although they include some of the most important mines in Sweden, their total population only amounts to rather over half a million and its density to less than 7 persons per square mile. Accordingly the cost of living tends to rise as you go northward, and, in the forests of the extreme north, is markedly higher than in the agricultural land and villages of the south. There is something in the very names. In Blekinge and Halland you wax fat; in Västernorrland, who could live but hardly?

There are corresponding differences in wages between one part of the country and another. One instance is Civil Servants' salaries. For the purpose of fixing those, places in Sweden are grouped according to the cost of living in them. The same groups are used in collective wage agreements, such as those of the railwaymen on the State Railways and the employees of the Board of Waterfalls. There are seven such groups. Of the 35 places in the highest group, 12 are in or round Stockholm, one is Göteborg and the remainder are in the north of Sweden, all of them but two in the three counties of the extreme north. The four counties in the extreme south include Malmö, Helsingborg and several other towns of importance:

95 per cent. of the places in those southern counties are in the lowest groups, while the proportion of such places in the three northern counties is only 17 per cent.

A COMPARISON WITH ENGLAND

One naturally wants to compare the cost of living in Sweden with the cost of living in England. Such variations within Sweden as those indicated above make the comparison difficult; for there is no such thing, in reality, as the cost of living in Sweden as a whole. The differences between one part of the country and another are greater than in England. Besides, as might be expected, there are considerable differences between the Swede and the Englishman in food, drink and other matters. On the other hand, one can compare the trend of prices in the two countries; and, quite roughly, the cost of living is comparable, in the sense that the general level of prices is about the same. There are no startling differences. The Swede and the Englishman live in the same sort of way. Their currencies are linked at the fixed rate of about 19.40 Swedish kronor to the £; the United Kingdom is Sweden's best customer and, after Germany, her next largest supplier: Sweden in 1936 took seventh place among foreign countries as a buyer of United Kingdom goods. In consequence there is, as we shall see, a general similarity between the two countries in the trend of the cost of living and in the level of wages.

TREND OF REAL WAGES

For purposes of comparison let us take the 1929 cost of living in both countries as 100. From 1929 to 1933 there was a gradual fall in both countries. It was steeper in Great Britain than in Sweden, the 1933 levels being respectively 85 and 91. Since then a recovery has raised the level at the end of 1936 to 92 in Great Britain and 93 in Sweden.¹ In both countries there has been a considerable rise during this year, at about the same rate in each country.

¹ *International Labour Review*, April 1937, pp. 586, 588. There are slight differences between these figures and those in the comparable table in *Swedish Stat. Year-Book*, 1937, p. 387.

As regards real wages, much the same has happened in both countries. Again taking the 1929 level as 100, there was a rise of about 10 per cent. to 1932 and, from then to the end of last year, little variation. Upon a longer view, it is interesting to notice the effect of the shortening of hours of work in Sweden. Since 1913 the level of real wages per hour is up by 79 per cent., while the increase per day is only 49 per cent.

Also upon a longer view, there are differences before 1929 in the trend of real wages in the two countries. Between 1922 and 1929 there was a steady rise in real wages in Sweden, however measured, amounting to nearly 30 per cent. over the whole period.¹ During those years there was little or no corresponding rise in real wages in Great Britain.²

COMPARISON OF EARNINGS

Let me now compare the weekly pay packets of Swedish and English workers. For that purpose, I have taken figures of weekly earnings in 1935. There is probably more piece-work in Sweden than in this country, wages seem usually to be reckoned by the hour, and actual earnings, of which there happen to be comparable figures, provide a better standard of comparison. Even so, there are occasional difficulties of classification.

In the table on p. 186 the difference between the earnings of iron-ore miners in Central and in Northern Sweden illustrates the geographical factor, to which I have already referred. The other figures are average earnings for the whole of Sweden: but there are some wide variations in the figures that make up the average. Let us refer again to the classification of places into seven groups according to the cost of living. The hourly earnings of stone-quarriers and stone-cutters averaged, in the lowest group of places, about 10½d., in the highest group 2s. 0¼d. The building trade, in the lowest group of places, averaged 1s. 0¼d. per hour, in the highest 2s. In some trades, of course, the differences were smaller; in boot and shoe

¹ *Swedish Year-Book of Wages Statistics (Lönestatistisk Årsbok)* for 1935, pp. 7, 49 and 50. Taking 1913 as 100, the index figures for real wages are 1922, 136; 1929, 177; for daily wages, 1922, 114; 1929, 137; and for yearly wages, 1922, 107; 1929, 137.

² Chart of Real Wages, *Ministry of Labour Gazette*, March 1937.

TABLE I
WEEKLY EARNINGS, 1935

Description	United Kingdom					Sweden			
	Average	Men	Women	Boys (under 21)	Girls (under 18)	Average	Men	Women	Young Persons (18 or under)
Iron-ore mining . . . do (Central Sweden) do (Northern Sweden) . . .	s d 50 11	s. d. 53 1	s. d. .	s. d. 24 6	s. d. .	s d. 61 1 48 10 82 0	s d 62 4 50 0 82 10	s d .	s. d. 24 10 23 4 33 11
Pig-iron manufac- ture . . .	63 11	65 11	24 7	27 1	.	.	.	.	.
Iron and steel smelt- ing, rolling, etc. . .	65 11	71 2	24 7	25 7	18 10	.	.	.	.
Iron, steel and copper works . . .	.	.	.	.	.	53 5	54 11	.	25 8
Iron and steel manu- facture . . .	.	.	.	.	.	48 10	54 11	35 5	22 0
General iron and steel founding . . .	53 3	63 3	25 5	22 10	14 7	.	.	.	.
Iron and steel tube making . . .	56 11	64 7	27 0	26 1	15 5	.	.	.	.
General engineering (firms employing 10 or more) . . .	53 6	66 0	32 9	21 0	18 4	.	.	.	.
General engineering (firms employing less than 10) . . .	50 3	61 7	30 4	21 3	.	.	.	.	.
Mechanical engin- eering (excluding shipyards) . . .	.	.	.	.	.	56 7	59 9	35 4	22 5
Shipbuilding and ship-repairing . . .	54 1	62 0	28 11	16 1	15 8	...	...	.	..
Marine engineer- ing . . .	55 4	65 4	23 1	15 0	.	59 8	62 1	.	26 2
Shipyards . . .	.	.	.	.	.	.	.	.	.
Electrical engineer- ing . . .	46 0	66 11	30 9	21 11	16 6	54 9	63 11	43 1	23 0
Electrical and scien- tific instrument making . . .	45 11	70 7	32 1	21 11	16 7	.	.	.	.
Stone quarrying and stone cutting . . .	49 1	51 3	.	26 3	.	42 1	42 7	.	.
Stone quarrying . . .	57 8	64 1	30 9	25 1	16 4	.	.	.	.
Stone cutting, etc. . .	.	.	.	.	.	.	.	.	.
Building . . .	57 0	61 5	30 0	21 7	16 0	74 6	75 5	.	28 4
Do including "general building workers" . . .	.	.	.	.	.	73 11	74 5	.	.
Building including "housebuilders" . . .	.	.	.	.	.	77 6	78 1	.	.
Bricks and tiles, etc. . .	49 7	56 11	27 0	24 11	16 4	42 1	44 7	.	.
Wool (woollen and worsted) . . .	38 2	55 3	31 3	22 5	20 1	34 5	44 2	29 3	18 11

TABLE I (continued)

Description	United Kingdom					Sweden			
	Average	Men	Women	Boys (under 21)	Girls (under 18)	Average	Men	Women	Young Persons (18 or under)
Total, Cotton .	s. d. 33 8	s. d. 49 9	s. d. 28 8	s. d. 19 1	s. d. 16 6	s. d.	s. d.	s. d.	s. d.
Cotton spinning, weaving, etc. .	...					35 0	44 0	30 5	20 2
Clothing (including tailoring, dresses, blouses, etc.) .	35 0	64 6	32 8	22 5	15 0				
Tailors and seam- sters . . .						37 9	61 6	35 4	19 3
Boot and shoe making . .	42 7	61 4	35 2	22 4	16 2	41 4	51 11	33 9	18 2
Food, drink and tobacco . .	44 10	63 8	32 1	24 11	17 0	56 0	65 10	40 0	20 5
Grain Milling ¹ .	55 10	63 6	29 1	28 0	14 6	61 8	64 2		
Bakers . . .						62 0	73 11	45 0	
Bread and flour confectionery (firms employing 10 or more) . .	47 6	63 4	27 5	21 1	13 9				
Do firms (em- ploying less than 10) . . .	41 6	55 6	26 8	20 3	12 10				
Biscuits . . .	36 3	62 10	34 6	25 1	17 5				
Brewing . . .	56 7	63 8	29 2	22 4	22 4				
Do (including draymen) . . .						66 7	71 11	44 0	
Mineral and aerated waters (firms em- ploying 10 or more) . . .	39 5	57 8	24 3	17 11	13 9				
Do (firms em- ploying less than 10) . . .	41 0	54 1	24 7	20 6	15 2				
Do (including draymen) . . .						67 5	77 7	45 0	
Butter, cheese, con- densed and dried milk . . .	46 6	59 2	28 9	25 7	15 7				
Margarine . . .	48 9	64 8	28 1	29 8	15 4				
Dairy products and margarine . .					-	51 8	59 6		

manufacture, for instance, hourly earnings (as averaged in the seven groups) varied only from 1s. 0½d. to 1s. 4d. But, taking the whole range of hourly earnings in all trades, those in the three highest groups of places were respectively 19, 24 and 52 per cent. higher than the average in the lowest three groups.

¹ In United Kingdom, for firm employing 10 or more.

What is the reason for the differences in various trades between British and Swedish earnings? First, let us look at the general average figures for the above and other industries. They compare as follows:

TABLE 2
AVERAGE WEEKLY EARNINGS IN 1935

Country	Workpeople covered.	Average	Men	Women	Boys	Girls
United Kingdom	5,507,729	s. d. 48 11 (50 0)	s. d. 64 6	s. d. 31 3	s. d. 23 0	s. d. 16 4
Sweden . .	403,668	53 2	59 5	34 8	22 0	

The average of 48s. 11d. per week in the United Kingdom is too low; for the returns from which it is taken happened to include too large a proportion of industries in which many women are employed, and too small a proportion of those in which the employment of men is predominant: the true average is somewhere about 50s. Even so, it is distinctly lower than in Sweden, where the higher level of women's earnings is more than enough to offset the lower level for men. A similar relation of men's and women's earnings appears in most of the industries mentioned in the table above, *e.g.* in cotton, clothing and the whole group of food, drink and tobacco trades.

COMPARISON OF HOURS

Let us now, before drawing conclusions, look at the average hours worked in the two countries. The following table shows a comparison. There is not the same detail in the Swedish statistics for this purpose as there is in those relating to earnings: in consequence, the classification is not quite the same as in Table 1, and not all the industries in the former table are included in this one. I have added the Swedish figures for 1936, for the sake of comparison with Sweden in 1935; there are, however, no comparable British figures for 1936.

TABLE 3
HOURS WORKED PER WEEK, 1935

	United Kingdom	Sweden	
	5th-12th Oct. 1935	Nov. 1935	Nov. 1936
Iron-ore mining	45·4	41·7	46·2
Pig-iron manufacture . . .	52·1	...	...
Iron and steel smelting, rolling, etc.	46·9	...	...
Iron, steel and copper works .	...	48·1	48·0
Iron and steel manufacture .	...	47·8	47·6
General iron and steel found- ing	48·2	...	...
Iron and steel tube making .	48·1	...	...
Mechanical engineering (in- cluding shipyards) . . .	...	48·1	47·9
General engineering (firms employing 10 or more) .	49·1	...	...
General engineering (firms employing less than 10)	47·6	...	...
Shipbuilding and ship-repair- ing	45·9	...	...
Marine engineering . . .	47·8	...	...
Electrical engineering . . .	49·0	48·0	48·6
Electrical and scientific in- strument making . . .	49·0	...	...
Textiles . . . . .	...	48·3	47·9
Wool (woollen and worsted) .	49·2	...	...
Cotton	47·3	...	...
Food, drink and tobacco .	48·5	48·8	48·5
Average of above and other industries (as in Table 2)	47·8	46·9	47·3

The average hours worked in Sweden are lower than in Great Britain. So too, if we compare the average hours at the end of the above Table 3 with the average earnings in Table 2,

it is clear that in 1935 the Swedish workers earned more for an hour of work, viz. rather over 1s. 1½d. against the English 1s. 0¼d. or 1s. 0½d. But the differences in hours worked are, on the whole, small. They do not account for the differences in earnings between the two countries, except perhaps in the textile trades.

CONCLUSION: VARIOUS TRADES

Let us now see how we stand: I am referring throughout to 1935. The average earnings in industry as a whole are higher in Sweden than in Great Britain. The average difference corresponds roughly to the particular differences in engineering, in shipyards, in the clothing trade. In iron-ore mining Swedish earnings exceed British earnings by rather more than the average: that is obviously due to the very high figures in the north of Sweden, where the cost of living is abnormally high. In stone quarrying and stone cutting, bricks and tiles, and boot and shoe making, Swedish earnings are lower than British: so too in the iron and steel trades. As regards the stone and the bricks and tiles, it is clear from other figures, not quoted above,¹ that the hours worked are so low as to indicate a good deal of short time. The Swedes have always used more timber in building than we do. Perhaps the continued use of timber and the increasing use of cement are affecting the stone industry and the brickyards in Sweden more than in this country. In the boot and shoe trade there is similar evidence of short time. That, however, is not the explanation in the iron and steel industry. It is particularly an industry in which few women are employed. The level of men's wages in Sweden is actually lower than in Great Britain; and so it is the small proportion of women employed in the iron and steel trades that accounts for the average earnings in those trades being lower in Sweden.

There remain the building trade and the trades in the food, drink and tobacco group. The building trade figures, both in Sweden and in Great Britain, include labourers as well as tradesmen: so the average of Swedish earnings looks extremely high. Not only men's earnings, but also those of young persons, are much more than in this country. No figures are available of the actual hours worked, but the normal hours in

¹ I.e. of hours worked per year: *Lönestatistisk Årsbok*, 1935, p. 55

Swedish towns are longer than in English ones.¹ The main reason, however, for the high average in Sweden is that one-third of all the building in the country is being done in or near Stockholm, where the rates of pay, especially for piece-work, are particularly good, the cost of living being exceptionally high. A further reason may well be that the building workers are among the most highly organized and militant sections of the industrial movement.

In the food, drink and tobacco group the average earnings in Sweden are much higher than in the United Kingdom. Indeed, this group, with the building trade, must be responsible for much of the whole difference in the level of earnings between the two countries. The reason is not clear. The proportion of women employed is considerable and quite a number of them seem to be on piece-work, *e.g.* 94 per cent. in tobacco factories, 42 per cent. in sugar refineries and 36 per cent. in chocolate and caramel manufacture. In the whole group of trades their proportion of piece-work is nearly 36 per cent., the men's only 5 per cent. But I think the main reason lies in the high wages paid by the Co-operative Movement, which in these trades takes as large a share as in England and is at least as vigorously competitive as the British movement. Here are some instances, this time of rates of wages, not of earnings.

TABLE 4
WAGES IN CO-OPERATIVE AND PRIVATE
ENTERPRISES

Area	Undertaking	Co-operative		Private	
		Hours	Weekly Wages	Hours	Weekly Wages
Stockholm	Flour mills	48	s d 70 1	48	s. d. 67 0
	do Bakeries	41	76 3 to 84 4	45	71 2 to 77 4
do	do	43	73 2 to 79 4	48	70 1 to 76 3
	(hard rye bread)				
Ludvika	do	43	66 0 to 70 1	48	56 8 to 63 11

¹ Usually 48 in Sweden, 44 to 47 in England: I.L.O., *Year-Book of Labour Statistics*, Geneva, 1937, pp. 102, 104.

I have already mentioned the prevalence of piece-work in Sweden. About 47 per cent. of all industrial earnings in 1935 were on piece-work; and that proportion is, of course, reduced by the inclusion of such trades as municipal contracting, in which there is little of it. In the whole group of mining and metal industries, including engineering, the proportion is 62 per cent., in the textile and clothing trades 50, and in building 43. In textiles, a considerable proportion of the work is still done at home, especially in and round the important centre of Borås. As regards building, Stockholm is important; and the practice there varies. In general, large blocks of flats and offices are built on piece-work, while smaller houses in the outskirts are built on time rates. Among dockers, over 82 per cent. of the work was piece-work. A curious point is that there is more piece-work among women than among men. Of women's earnings in industry as a whole nearly 53 per cent. were on piece-work, so that, in the textile and clothing trades, women were on piece-work to the extent of nearly 63 per cent. or, for textiles only, over 68 per cent. Another instance is in match factories, where women were 80 per cent. on piece-work, men only 43 per cent. It might perhaps be expected that, as a result, women's earnings in those factories would be nearer men's than they usually are. But that is not so: the average weekly earnings in this rather ill-paid industry were, in 1935, 44s. 4d. for men and 28s. 8d. for women.

A few words about earnings in agriculture and forestry. For several reasons any comparison with Great Britain is particularly difficult. One is the difference between various parts of Sweden, to which I have already referred. Another arises out of the way in which land is held in Sweden. There are so many people farming their own land, that the number of agricultural labourers is relatively small. The best illustration I can give dates back to the end of 1930, when those actively engaged in working on the land could be classified as in table 5.

It will be noticed that the totals given do not amount to the two million or so who may be described as on the land, much less to the four million living in the country. They are only those actively engaged in working on the land. Under the first heading, for instance, of landowners and farm-owners,

TABLE 5
CLASSIFICATION OF WORKERS ON LAND
31ST DEC. 1930

	Men	Women
Landowners and farm-owners	265,038	38,699
Tenant farmers	51,576	1,927
Crofters	16,983	723
Gardeners, dairymen and Miscellaneous enterprises	9,666	708
Supervisory personnel.	4,082	439
Members of the family (over 15 years old) acting as helpers	158,054	164,363
Agricultural labourers.	177,787	28,806
Dairy and garden labourers.	13,853	3,707
	697,039	239,372

there are more than another half-million not actively working; and both the two million and the four million include young children and housewives. Also, the above figures do not include forestry. But the point is, that of the actual workers on the land only 24 per cent. ($27\frac{1}{2}$ per cent. of the men and $13\frac{1}{2}$ per cent. of the women) can be described as employed labourers. The proportion in Great Britain is more than twice as high.¹

A third difficulty, as regards comparison, is the various forms of employment in Sweden; a fourth is the prevalence of payment in kind, as might perhaps be expected with so many small farms. The extent of such a method of payment varies in different parts of the country. Let me take the average, for different classes of employment, throughout Sweden. The figures again relate to 1935.

The average money wages of a ploughman, living in the farm buildings and unmarried, amounted to £28 1s. 10d. in the year: his food is valued in the official statistics, after careful inquiry, at £23 19s. 4d.; and his total remuneration, without counting free lodging, is accordingly taken at £52 1s. 2d., or about £1 a week. The corresponding figures for a woman

¹ 1931 Census.

farm servant were £21 16s. 1d. and £20 15s. 6d., giving a total of £42 11s. 7d., or about 16s. 4d. a week.

The next class are farm servants, generally married, working on large farms in what are definitely agricultural regions and living out in rooms or a cottage provided by the employer. These usually consist, in the south of Sweden, of two rooms and a kitchen, elsewhere of one room and a kitchen. Including that lodging, the average remuneration was £33 2s. 11d. in wages and £31 9s. 2d. in kind, making in all £64 12s. 1d. or about 24s. 10d. a week. That is for a ploughman, the corresponding total for a cowman being £69 19s. or about 26s. 11d. weekly.

Other labourers are employed for periods, either for several months at a time on the same farm or day by day, as occasion demands by different employers. Their wages vary considerably in different parts of Sweden. Those employed for several months or by the year are lodged by the employer; the day-to-day labourers find their own accommodation. In both cases, as a rule, they are paid in cash, without any payment in kind. On an average throughout the country, the long-period labourers get 4s. 1½d. a day in summer and 3s. 3½d. a day in winter, the day-to-day labourers (who find their own lodging) 4s. 8d. in summer and 3s. 8d. in winter. The trend and character of the variations in different parts of the country can be illustrated by the summer wages for day labourers, averaging 4s. 8d. throughout Sweden. In the extreme northern department they average 6s. 2½d.; in every department down to a little north of Stockholm their average exceeds 5s. 3d.; while in some parts of the south they are little over 4s.

Although there are difficulties in any exact comparison, it seems obvious that agricultural wages are very low, even lower than in Great Britain, and lower still in comparison with industrial wages or earnings in Sweden. On the other hand, they affect only a small proportion of the population and they are supplemented to some extent by earnings in repairing roads and on work in the forests. The former is summer work, paid last year at an average rate of about 10d. an hour: there are considerable regional variations. The latter is winter work and earnings have risen considerably last winter; for wages

are supplemented by a bonus on the realized price of the timber. The average earnings of a woodcutter were 6s. 4d. a day, as compared with 5s. 1d. in the winter of 1935/36. A haulier, with his own horse, earned 11s. 10d. a day, as against 9s. 4d. the previous winter. Those figures, though the average for the whole country, relate mainly to districts where the cost of living is high. Some 200,000 men are employed on the work, mainly towards the north of Sweden.

COST OF LIVING: FOOD

I now turn to the standard of living in Sweden. There is, as I have already pointed out, a good deal of unreality in any comparison of it with Great Britain. Let me begin with what the Swedish family eats. One point is immediately clear: the Swedes drink much more milk, which is much cheaper in Sweden.¹ They also consume more of other dairy produce: on the whole, they drink coffee instead of tea. A comparison of the standard diets used for the cost of living figures in the two countries is unsatisfactory; for the British diet includes a large item for miscellaneous expenditure, including vegetables but otherwise unspecified, while the Swedish diet omits vegetables altogether, except for a small item of peas and beans. It does, however, indicate that, in the country as a whole, the Swede eats less meat than the Englishman. That conclusion is, on the face of it, not improbable; and there are other figures that support it: but it does not apply to Stockholm. Indeed, there are remarkable differences between the average diet in Stockholm and that in 94 towns and industrial centres through Sweden. The table on p. 196 illustrates the point.

The figures in columns 1 to 6 are derived from the Statistical Year-Books for Stockholm and Sweden respectively. It will be noticed that the Stockholm Year-Book gives information about vegetables, fruit and other items, which is omitted in the Swedish Year-Book. The figures in column 7 are derived from a standard budget for Manchester, used by the I.L.O. in an inquiry, to which I shall refer again.

¹ In June 1937 about 1½d. a pint in Stockholm, falling to 1¼d. in some places and averaging a shade over 1½d. throughout Sweden; say 3¼d. a quart, as compared with the corresponding English figure of 6d.

TABLE 6
COMPARISON OF DIETS

The following figures are the weekly consumption in lbs. (unless otherwise expressed) of a family of 3.3 consuming units: a consuming unit eats as much as an ordinary man.

	STOCKHOLM			94 Swedish towns and industrial centres			MANCHESTER
	1932/33			1932/33	1932/33	1933/34	1931
	Middle class	Workman	Small employee	Workman and small employee	Middle class	Agricultural and forest worker	Ford worker
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Meat . . .	7.44	8.36	8.19	3.75	3.65	4.17	5.56
Fish . . .	3.06	2.91	3.10	.57 ^a	.60 ^a	.65 ^a	
Lard . . .	.08	.08	.14				.72
Butter . . .	1.92	1.51	2.00	1.61	2.10	1.15	1.23
Margarine . . .	1.89	1.62	1.22	1.55	1.26	1.29	.30
Milk (pints) ^b	23.39	25.64	27.70	26.27	25.04	41.13 ^b	6.66
Cheese . . .	.93	.86	.88	.87	.94	.63	.61
Eggs (number) .	18	18	19	15	18	9	9
Bread ^c . . .	7.57	7.07	6.19	5.15	4.68	11.50	18.41
Flour ^d . . .	4.08	5.01	5.75	7.72	5.88	18.24	5.78
Oatmeal, rice and tapioca ^e	.83	.76	.91	.98	1.09	1.25	1.95
Potatoes . . .	11.13	13.99	14.41	14.72	12.40	22.43	11.53
Tea . . .	.04	.01	.02				.64
Coffee . . .	.62	.90	.78	.77	.63	.79	.06
Cocoa . . .	.06	.07	.05				.13
Sugar ^f . . .	4.19	6.27	4.78	5.16	5.26	5.07	4.26
Vegetables . . .	3.26	2.66	2.89				
Fruit . . .	7.60	6.11	6.20				

^a Salt herring only. ^b Including, in Stockholm, cream and skim milk, converted into proportionate quantities of natural milk and, in other parts of Sweden (cols 4-6) skim milk, pint for pint. The quantity of the latter in col. 6 is 28 per cent; elsewhere it is negligible. ^c Including, in Sweden, rye bread and biscuits. ^d Of various kinds in Sweden. ^e In Sweden, gruels. ^f In Stockholm, including molasses and sweets.

At the request of the Ford Motor Co. the I.L.O. inquired into the expenditure necessary in various European towns in order to attain the same standard of living as that of their Ford employees in Detroit in 1929. It was not assumed that the various European nationals would live in the same way as men in Detroit: the object of the inquiry was to find out how much it would cost them to live in their own way up to the same standard of comfort, the same "sum of satisfactions." The Detroit employees selected for comparison were those in families of about the size used in the above table, with the husband in employment for about 250 days in the year on the lowest wage scale in the Ford works (about \$7 a day). A similar budget for Stockholm was used in the same inquiry; but it relates to 1922/23, since when, as appears from the

Swedish Year-Book, there have been considerable changes in diet in Sweden and therefore presumably in Stockholm. Accordingly I prefer the figures in columns 1 to 3, as more recent; they are also more comparable to those in columns 4 to 6.

Several points in the above table are worth noticing, besides those I have already mentioned. The consumption of bread in England is much larger. In Sweden there is nothing quite corresponding to the English household loaf, and various kinds of bread are sold under fancy names. The Stockholm workman's 7·07 lbs. of "bread" were divided in the following proportions, by weight:

	Per cent.
Hard rye bread	22·5
Soft rye bread, sugared.	31·3
Household bread (coarse loaf)	9·4
Wheaten bread	14·4
Biscuits	3·8
Buns for eating with coffee	9·6
Small cakes	9·0
	<hr/>
	100·0

For rye bread, hard or soft, he paid in June 1937 about 3½d. a lb., and for the wheaten bread a shade over 4d. Those are high prices in comparison with England.

The only consumer of bread and flour on a scale comparable to the English is the Swedish agricultural or forest labourer. He takes it in flour and obviously bakes his own bread. His consumption of milk beats the Ford workers in Detroit and gets within measurable distance of the official U.S.A. "Standard of Health and Decency"¹: but more than a quarter of his milk is skim. The butter, cheese and eggs go into the towns, but he manages to keep a good ration of potatoes.

HOW TO COMPARE PRICES

At this point let me touch for a moment on the question of comparing prices. Even between comparable towns like Stockholm, Detroit and Manchester, the difficulties are obvious. In the I.L.O. inquiry, to which I have already referred, the method adopted for food was to take the Detroit worker as the standard

¹ Labour Statistics Bureau, U.S.A., 1920.

and then to ascertain, first what it would cost him to live in, say, Stockholm, in the way in which he was accustomed to live in Detroit, then what it would cost the Stockholm worker to live in his accustomed manner in Detroit: the geometric average of the two percentages thus obtained was taken as the average percentage of the cost of food in Stockholm, as compared with Detroit. The more difference there is between the two ways of living, the greater element of uncertainty in the result. The Swedish authorities suggested to the I.L.O. a different method, which, applied to Stockholm, gave rather different results. In both methods there are also obvious difficulties of classification as regards the quality of food.

In the result the figures given for food by the I.L.O., expressed in percentage of the Detroit standard, are for Stockholm 77—93 and for Manchester 83—89. The lower Stockholm figure is arrived at by the Swedish method, the higher by that used by the I.L.O. The two Manchester figures appear to be those between which the geometric average should be taken. My own rough and untutored conclusion is (neglecting the Swedish method, which was not applied to Manchester) that the cost of food in Stockholm in January 1931 was about 8 per cent. higher than in Manchester. It seems probable that that small difference has been reduced or eliminated by the subsequent slight depreciation of Swedish currency in terms of sterling. I doubt if there is much in it now.

There is another rough line of approach. It so happens that the Stockholm workman's food in the above table approximates fairly closely to a desirable food budget for a slightly smaller family (3·14 consuming units), used by the Engineers' Study Group in their inquiry into "Food and the Family Budget."¹ The E.S.G. ascertained the weekly cost of their budget, not from the *Ministry of Labour Gazette*, but from Co-operative and trade sources. Taking "average better-quality" prices, the result was 36s. 9d. in October 1935. In Stockholm the average expenditure of 37 workmen's families (3·3 consuming units) is available for 1932/33. Between 1st January 1933 and 1st October 1935 the cost of food in Stockholm rose from an index figure of 123 (1914=100) to one of 131. Applying that increase, the average expenditure

¹ 2nd ed. p. 17.

of a workman's family in October 1935 was 34s. 9d. The difference of 2s. may be accounted for by differences between the two budgets or by the E.S.G. selection of a rather better quality than the average used for the Stockholm figures. That comparison, of course, is not a comparison of two actual budgets, but a comparison of the cost of two similar budgets, one actual and the other notional or "ideal."

Lastly, before leaving the question of food, let me add a comparative table of some prices in October 1936, reduced to English measures and currency.¹

TABLE 7
COMPARATIVE PRICES IN OCT. 1936

Article	Measure	Great Britain		Sweden
		London	6 towns	3 towns
Wheat bread. . .	lb.	2·1	2·1	4·7
Wheat flour . . .	"	2·3	1·9	2·3
Beef, 1st quality . .	"	14·3	12·8	11·6
" 2nd quality . .	"	5·5	6·5	9·0
Butter (salt) . . .	"	13·7	14·7	15·2
Margarine	"	5·6	5·7	7·9
Peas (dried) . . .	"	3·4	2·3	2·4
Potatoes	"	1·0	·9	·7
Sugar (white granulated)	"	2·2	2·2	2·1
Coffee	"	25·0	27·8	16·1
Tea	"	22·4	24·5	47·8
Milk	Quart	5·5	5·3	2·5
Eggs	Doz.	21·6	21·6	23·3
Household coal . .	Cwt.	30·2	25·1	21·7

COST OF LIVING: HOUSING

For the purpose of any detailed comparison of cost, housing is even more difficult than food; the divergencies are greater. I have already mentioned housing in the country, in connection with the remuneration of agricultural labour. Let me now turn to housing in Stockholm.

Some main points are quite clear. There are virtually no

¹ Extracted from I.L.O., *Year-Book of Labour Statistics*, Geneva, 1937, pp. 191, 192.

slums in Stockholm; but it tends to be overcrowded. There are 16 parishes in what may be called the inner town, and 3 outlying parishes on the south-west. The three latter occupy three-quarters of the land of the city and, at the end of 1935, housed about 17 per cent. of its population. In the inner town, at the same time, the average density of population was about 53 to the acre, rising in one parish to 164 and in some others to nearly as much. The vast majority of the working class live in old or new blocks of flats in the inner town. Of the "dwellings" in the inner town, whether houses or flats, at the end of 1935 50 per cent. consisted of a single room, with or without an adjacent kitchen, 28 per cent. of two rooms, 9 per cent. of three, and the remaining 13 per cent. of four or more. The largest single categories, accounting between them for 73 per cent. of the total number of dwellings, were single rooms without kitchen (18 per cent.), single rooms with kitchen (32 per cent.) and two rooms with kitchen (23 per cent.): these probably include the great majority of working-class homes. In the three outlying parishes, with their 17 per cent. of the population, those three categories again account for 73 per cent. of the dwellings, this time respectively for 8, 34 and 31 per cent. Nor does there seem to be much change in the matter, to judge from the new buildings in 1937 in all parts of Stockholm. On the other hand, as might be expected, there is a good deal of building activity in the area round Stockholm; and there the proportions both of houses, as distinct from flats, and of larger "dwellings" are higher. But there is not so great a movement outwards as there is round London. In the five years 1931-35 the population of Stockholm increased by about 31,500 to nearly 534,000. Of that rather small increase, 18,500 appeared in the inner town and 13,000 in the three outlying parishes. In the more or less suburban area, extending to 8 miles or so from the city, the corresponding increase was less than 8000.¹ The conclusion is that the Stockholmer prefers a tight fit at home to a long journey by bus or tram: there is no underground railway. On the whole, his dwelling is better equipped as regards baths, central heating, etc.: and Stockholm itself must be a pleasant town to live in.

¹ The exact figures are 31,681; 533,884; 18,600; 13,081; 7,835.

It seems, therefore, that what we have to look at, for practical purposes, are dwellings in the inner town of Stockholm of the categories described above: a two-room flat may be taken as the average, or rather above it. I ought to add that rents in Stockholm have been falling slowly. The peak was reached in 1931 and 1932, when the index figure was 206 (1914=100): in 1934 it was 201 and in 1935, 198.

At the end of 1935 the average rents in the inner town of Stockholm for dwellings of one room with kitchen amounted to 12s. 4d. or 20s. 4d. a week, according to whether central heating was available and included or not. For two rooms with kitchen the respective figures were 18s. 4d. and 30s. 1d., and for three rooms with kitchen 25s. 6d. and 40s. 4d. The decrease since a year before was negligible for the one-room dwellings, about 4d. or 6d. for the two-room ones, and 7d. or 11d. for the three-room dwellings.

The averages, of course, varied from district to district. On the whole, they were lowest in the old working-class quarter south of the Royal Palace and highest in the residential area of the west, north-west and round the Town Hall. For the comparatively prosperous working class, a fair average would probably be the quarter round the main buildings of the Swedish Co-operative Wholesale, where the average rent of a two-room dwelling with kitchen and central heating was 26s. 9d., as compared with the general average of 30s. 1d. The average working-class rent in Stockholm in 1932/33, ascertained by an inquiry into budgets, was, however, only 20s. 3d. Rents were a little higher then, and the figure seems to show that a two-room flat with central heating is rather above the actual working-class standard.

The alternative, I suppose, is to live further out. In the three outlying parishes our two-room dwelling, with kitchen and central heating, cost on the average about 21s. 2d. a week. In the suburbs there is not much fall below that figure until you get five miles or so from the city. Then the fall is considerable; for rents in inner Stockholm are nearly double those of the rest of Sweden. In Swedish towns, other than Stockholm, our two-room flat, with kitchen and central heating, would cost on an average (at the end of 1934) 18s. 4d. or, without central heating, 10s. 9d. Even in the large towns of

Göteborg and Malmö the figures would be respectively 23s. 4d. and 20s. 3d. with central heating, or 15s. 5d. and 12s. without it. It will be remembered that the corresponding figures for inner Stockholm were 30s. 7d. and 18s. 8d. Broadly speaking, there is remarkably little difference between the prevalent size of dwelling in Stockholm and in other Swedish towns, at any rate until you get to quite small places.

GENERAL COMPARISON: STOCKHOLM

It is perhaps sufficient, without comparing other items of working-class expenditure in the same detail as food and housing, to notice that fuel and light are cheaper in Stockholm than in English towns and clothing more expensive. Let me now give some summarized results, as between Stockholm and Manchester, of the I.L.O. inquiry to which I have already referred.

TABLE 8

EQUIVALENT COST OF LIVING (STANDARD OF FORD WORKERS IN DETROIT) IN STOCKHOLM AND IN MANCHESTER, JAN. 1931¹

	Stockholm	Manchester
	(s. d.)	(s. d.)
Food	28/9 to 34/8	31/0 to 33/3
Housing	32/1	12/2 to 13/2
Fuel and light	4/2	7/1 to 8/2
Clothing	17/0	10/6
Total for food, housing, fuel and light, and clothing	82/0 to 87/11	60/9 to 65/1
Other expenditure: medical expenses	3/1	1/11
Life insurance	4/3 to 4/6	2/10 to 2/11
Miscellaneous	25/9	19/10
Total cost of living, excluding direct taxation	115/1 to 121/3	85/4 to 89/9

In the above table both sets of figures have been reduced to weekly expenditure for a family of 3.3 consuming units in English currency, the Stockholm figures being converted at

¹ Derived from I.L.O., *op. cit.* Table 1, p. 29.

the then current rate of 18.158 kr. to £1. I have several comments to make on the figures. In the first place, although they are more than seven years old, the similar trend of the cost of living in the two countries makes them still of value for purposes of comparison. In the second place, from the nature of the I.L.O. inquiry they relate to a standard of living well above the average working-class standard, as indeed appears from the totals at the end of the table. High though the level of wages is in Stockholm, it is not generally as high as that; nor certainly in Manchester. As regards food, I have already given my conclusions. It is the difference in the cost of housing which accounts for almost the whole difference between the two sets of costs. But it is clear, both from the facts I have already mentioned and from the comments in an Appendix¹ contributed to the I.L.O. Report by Swedish investigators, that the figure for Stockholm housing is an extraordinarily artificial one. Few, if any, Stockholm workers live in houses comparable to those in either Detroit or Manchester. The resulting figure is therefore much higher than the rent that a Stockholm worker would actually be likely to pay. If we reduce it to the round figure of £1 we shall be nearer the truth and a substantial part of the apparent difference between the two towns will disappear.

OTHER TOWNS IN SWEDEN

Now, using the above figures, I want to make a very rough comparison with other towns in Sweden. The average weekly earnings of a working man in Stockholm in 1935 were 83s. 2d., as compared with a similar average of 59s. 5d. throughout Sweden. In the circumstances it is not surprising that, in inquiries about household budgets, the total weekly expenditure of a typical working-class household² is taken at very different figures in Stockholm and in the average of 94 Swedish towns and industrial centres. The comparable figures for 1932/33 are 106s. 1d. in Stockholm, and 76s. 1d. in Swedish towns³:

¹ I.L.O., *op. cit.* pp. 69, 70.

² 3.3 consuming units.

³ The latter figure includes households of small employees, but it appears from the Stockholm budgets that the difference is negligible. In both cases the man's earnings exceed the average, especially in Stockholm: but again the difference between the two excesses is not serious. In both cases, of course, there is a little other income for the household, additional to the man's earnings.

and we may take them as a rough indication of the proportion of the cost of living in Stockholm to that in the average of Swedish towns. In so doing we must remember not only the differences in food between Stockholm and other places, but the considerable differences between other places in Sweden as regards the cost of living and, no doubt, as regards the various items that make it up. Subject, however, to that important caution, let us make a proportional reduction of the cost of living, as shown in the above table for Stockholm, so as to arrive at a figure for Swedish towns comparable to that shown for Manchester. This figure is about 72 per cent. of Stockholm's—82s. 7d. to 87s. weekly. The corresponding figure for Manchester is 85s. 4d. to 89s. 9d.

CONCLUSIONS ON COST OF LIVING

On the whole question of the comparative cost of living, I can summarize my conclusions as follows. In comparison with English towns, food in Stockholm is a little dearer. As regards housing, the average dwelling is much smaller, though likely to be better equipped. Even so, the rent of the average Stockholm dwelling is higher than that of the English one. Those differences, however, are not large. On the whole, the cost of living in Stockholm is definitely higher than in an English town, such as Manchester, but not by much. Certainly it is not as much higher as Stockholm wages are higher than English ones. In other Swedish towns, on the average the cost of living is much the same as in England, or a little lower. By and large, food is cheaper there. Rent, though for a smaller dwelling, is in the average town little more than in England. Wages, as we have already seen, are higher.

It will be noticed that I have not considered the incidence of direct taxation in the two countries: it may well affect the matter. It is included at 7s. 2d. a week for the family in the Stockholm 1932/33 budgets, and at 5s. in those for Swedish towns.

THE VERY POOR?

Let me conclude this chapter with a few general remarks. One of the first things that strikes a visitor to Sweden is that in the towns there seem to be no very poor people. There are

no beggars, no one to sell matches, sing or play gramophone records in the streets. There are no children in rags, no streets to correspond to the slums of our great cities. I know quarters in Birmingham, Leeds and London where the whole level of living is lower than anything one sees in Sweden. That first impression is probably correct. It is borne out, on the whole, by the figures given in this chapter. But clearly it is not the whole truth. Extreme poverty in a flat is less noticeable than in separate houses. The miseries of overcrowding may be as acute as those of old and bad housing, but they are not so obvious to the visitor in the street outside: and generally, as we have seen, overcrowding, rather than slums, is the trouble in Swedish towns. But those towns are clean, and so are the buildings: overcrowding must be more tolerable than in an English industrial area. On the figures of agricultural wages, there must be more grinding poverty in the country than in the towns. Whether it is any more tolerable there, how much difference the harder winters of Sweden make, I do not know. But, by and large, the Swedish way of living does seem to have gone some way towards eliminating the very poor, if only that part of them that we sometimes call the "slum prolet."

THE VERY RICH?

So too at the other end of the scale. Stockholm, at first, with its fine site and magnificent public buildings, seems overweeningly prosperous. But look more closely. One of its industries is a luxury tourist trade. In 1935, in this city of some half-million inhabitants, there were nearly 60,000 foreign visitors, including 7000 English and nearly 6000 Americans, and the number has greatly increased in 1936 and 1937. For their benefit there are luxury trades in glass, pewter, embroideries, and so on. Eliminate those shops, and the others are by no means so expensive as, for instance, at Brussels, Geneva or The Hague. Motor-cars are imported, but they are usually middle-priced American ones. I never saw a Rolls-Royce in Stockholm, and the number of cars is not as oppressive as in London or other capitals. In the whole country, suited as it is to car traffic, there are fewer cars in proportion to the population than there are in Denmark or South Africa,

much fewer than in England or France.¹ Even in the richer parts of Stockholm there are few large houses, though there are extensive areas of comfortable, middle-class flats.

The statistics of incomes support one's impression that the proportion of very rich people is smaller in Sweden than in Great Britain. In 1931 there were 3288 Swedes with an annual income of over 40,000 kr. against somewhere about 100,000 with £2000 a year or more in the United Kingdom.² That is roughly one person in every 1874 of the population, against one in 461 in this country. In the same year there were only 155 Swedes with annual incomes of over 200,000 kr., while in the United Kingdom nearly 7000 people had £10,000 a year or more.

My general impression, then, was of a country, on the whole prosperous, with less excessive wealth or excessive poverty than in Great Britain. In the towns it is, on the whole, a bourgeois and artisan civilization. In the country there must be some bitter poverty. As might be expected, there is a drift from the country into the towns, shown by a stationary figure of population in the former and increases in the latter. Since the beginning of this century the rural population has varied within the limits of 4,000,000 and 4,200,000, while the urban population has nearly doubled in size: it was a little over 1,100,000 in 1900 and is nearly 2,200,000 now. In the same way the annual value of the harvest has remained round about 1000 million kr. since before the war, while the industrialization of Sweden is reflecting increases in industrial production. In 1936 industrial production in Sweden was 29 per cent. above the 1929 level, in the United Kingdom only 16.1 per cent. The corresponding increases in other Scandinavian countries were 15.2 per cent. in Norway, 25 per cent. in Denmark and 33.3 per cent. in Finland.

To my mind, the most interesting question about Sweden is how far you can carry that growth of an orderly, peaceful, rather bourgeois civilization. Along those lines, what measure of decent living, of beauty, of opportunity for development and expression can you provide for all? Sweden is, on the

¹ In 1936 the order was as follows: U.S.A., New Zealand, Canada, Australia, France, Great Britain, Denmark, South Africa, Sweden, Norway, Uruguay, Belgium, etc.: *Swedish Statistical Year-Book*, 1937, Table 286.

² Colin Clark, *National Income and Outlay*, 1937, Table 44.

whole, not a poor country, her people are wise, intelligent and peacefully minded. Are they nearly at the end of their changes, or only at the beginning?

In this chapter and the following one, Swedish currency is converted at kr. 19.40 to the £, or, before 1931, at the appropriate rate. Percentages are usually taken to the nearest unit.

SOURCES

This chapter has been based on material derived from interviews and the following published sources:

1. *Statistisk Årsbok for Sverige (Swedish Statistical Year-Book)*: published annually, about August, in paper (Kr. 2.75) or cloth (Kr. 4). Index in Swedish and French: many of the tables have French translations of headings and items.

2. *Statistisk Årsbok for Stockholms Stad (Stockholm Statistical Year-Book)*: published annually, Kr. 4 in cloth. Table of contents in Swedish and French and French translations of headings and items in all tables. Very full and interesting, with some maps and diagrams.

Both the above contain bibliographies, with French translations: the Stockholm Year-Book gives prices of books.

3. *Lönestatistisk Årsbok for Sverige (Swedish Year-Book of Wages Statistics)*: published annually, Kr. 1.25 paper. Table of contents in Swedish and French: French résumé (3 pp.) of text (85 pp.). Includes 6 diagrams and 23 tables, with full information about wages in agriculture, industry, etc. A bargain at the price?

4. I.L.O., *Year-Book of Labour Statistics*: published annually, 6s. paper.

5. I.L.O., *A Contribution to the Study of International Comparisons of Costs of Living*. Geneva, 1932: 7s. 6d. paper.

6. *Sociala Meddelanden* is the official monthly journal of the Swedish Ministry of Social Services: subscription 5 kr. per year, 50 kr. per number. Table of contents in Swedish and French. Much of the information would appear in the *Ministry of Labour Gazette* in England; but the Swedish publication is more in the form of articles. For instance, 1936 no. 5 contains an article on the budgets, etc., of certain unemployed families in 1933; another on the families of small agricultural proprietors and peasants in 1933/34; 1935 no. 6 on conditions of life and family habits in the country in 1934; 1936 no. 10 on the like in Stockholm and Göteborg in 1933; and so on.

13. RETAIL TRADE AND THE CO-OPERATIVE MOVEMENT

By G. R. MITCHISON

THIS chapter is about retail trade in Sweden, with special regard to the Co-operative Movement. Co-operation in Sweden centres round the Wholesale Society, K.F. (Kooperativa Forbundet). K.F. is not solely concerned with wholesale trade. It is also engaged in manufacture, and it is important as a publisher of books, newspaper and other propaganda and educational matter. But its activities in manufacture and as a publisher are not included here, for they are discussed in other chapters. I shall try, so far as possible, to present any conclusions in this chapter in the form of comparisons with Great Britain.

THE VOLUME OF TRADE

The foundation of any work on the distributive system in Sweden must be in the *Census of Business*, taken in Sweden in 1931 and published in 1935. The census covers industry, commerce and professional activity in the widest sense. It includes, for instance, theatres, architects, lawyers and pawn-brokers.¹ It does not cover agriculture or forestry directly connected with agriculture. The unit of investigation is the business, or rather the establishment or place of business. There is a broad division into groups, of which much the largest, in terms of annual turnover and of persons occupied, are as follows:

- (1) Industry and craftsmanship not combined with other occupations.
- (2) Industry and craftsmanship combined with other occupations.
- (3) Wholesale trade and similar activities.
- (4) Retail trade, even when combined with wholesale trade.
- (5) Transport and communications.

¹ In Swedish, *pantbanker*.

Those five groups, between them, account for 94 per cent. of the total money turnover and 87 per cent. of the persons occupied. For the present purposes we can leave the transport group out of account, after noticing that, although its money turnover is only about one-third of the retail trade, it occupies rather more persons: that is what we might expect in so scattered a country as Sweden, with considerable shipping as well as roads and railways. We are principally concerned with the wholesale and retail trade groups. The annual turnover (for 1930) is given for the former as 4570, and for the latter as 3156 million kr. It is, however, pointed out that a good deal of wholesale and retail trade is included under other groups (especially Group 2), and the true figures are more nearly 5000 million kr. (£275 million) for wholesale trade and 4000 million kr. (£220 million) for retail.

I now proceed to my first rough comparison. The value of retail turnover in Great Britain in 1930 has been estimated at £2532 million, excluding motor-cars and petrol.¹ In the Swedish figures, motor-cars and the petrol for them, being sold mainly at garages, are presumably included in the transport group; they therefore form part of the overlapping section and are included in the higher, but not the lower figure. At a rough estimate² allow 40 million kr. off the higher figure for these items. Thus we can compare £2532 million in Great Britain with 3960 million kr. (£218 million) for Sweden, which means a retail trade turnover per head of the population of about £56 10s. in Great Britain and only about £35 12s. in Sweden.

Why is there so large a difference? In view of our previous inquiries into wages and the cost of living for urban workers, the difference cannot be accounted for in the towns. A little of it, perhaps, is because, on the whole, there are fewer rich men in Sweden: but in the towns there are also fewer of the very poor. Clearly, I think, the explanation lies in the large proportion of people living on the land in Sweden. There are, as we have seen, many small farmers, there is a practice of

¹ Henry Smith: *Retail Trading*, Oxford, 1937, p. 139.

² Based on turnover of private car garages in transport group, on value of imported motor-cars, and on comparison with similar figures for Great Britain, having regard to the proportion of cars to population in both countries.

paying farm-workers in kind and, in some parts of Sweden, the distance from the nearest shop must be an additional reason for living, so far as you possibly can, on what grows on your own land or your neighbour's.

THE SIZE OF SHOP

As regards the size of shop, the retail trade turnover (Group 4) of 3156 million kr. is divided between 55,465 places of business. That means an average turnover of £60 a week and one shop for every 110 people. In England and Wales there is one shop for every 70 people, but the corresponding figure of turnover is not available.¹ There are, however, comparable figures in some trades. In Sweden, meat shops, including those which also deal in groceries, have an average annual turnover of £3960 and cater, on an average, for 2200 people: the corresponding figures in England and Wales are £2880 and 820 people. Grocers cater for about 1560 people each in Sweden and 430 in England and Wales. Greengrocers in Sweden have an average turnover of £1070, and in England and Wales of £1910. The average annual turnover for a boot and shoe shop in Sweden is £3850, in England and Wales £4940, but on an average the Swedish bootshop caters for 4620 people and the English for only 3080. Those figures, on the whole, do not point to any distinct difference, at any rate in the type of shop one finds in a town; and it will be noticed that the difference in the proportion of shops to population corresponds to the difference in turnover per head of population. The general inference is clear, that the shops in both countries do about the same amount of business, but the Swedish shopkeeper needs more customers in order to do it. But that very general conclusion has to be qualified. The country shops will tend to have a smaller turnover than the average and to be more widely distributed than the average. Consequently the town shops will be likely to have a larger turnover and a smaller number of customers; and therefore to approximate more closely to the English scale. It seems, however, that, although that is so in some trades, it does not apply to food shops.

¹ H. Smith, *op. cit.* pp. 37-39: and for figures for particular trades in England and Wales.

TYPES OF SHOP

Department Stores—What are the prevalent types of shop in Sweden? The *Census of Business* shows, for the autumn of 1931, only 9 department stores, with an average turnover (1930) of more than £350,000 each, and between fifteen and sixteen thousand general shops. Both the small number of the former and the high average turnover (nearly £4000) of the latter show that many of the so-called "general shops" in Sweden are much larger than what would usually be called a general shop in England. Probably the figure for general shops, owned by private persons (not companies, partnership or Co-operative societies) and employing an average of less than 2 people in each shop, is nearer the mark. Their number is 12,624, representing about one to every 490 people, with an average annual turnover of £2360 or about £46 a week. The corresponding figure for general and mixed businesses in England is one for every 510 people. Even so, the number of shops that can in any sense be called department stores is very much smaller than in England; and that is the impression one has in Swedish towns, most of which, it will be remembered, are rather small to carry a department store. Indeed, in Stockholm itself the only obvious department stores are the Nordiska Co. and Bergströms (P.U.B.). They are rather like, respectively, Harrods and Gamages. Nordiska gives the appearance of being very well run and seems to be a good employer. It confesses to making a retail profit slightly higher, on the average, than Harrods, but it claims to pay better wages than English stores: no doubt that is so, for Stockholm wages are high. On the whole, it caters for a prosperous class of customers, coming from Stockholm and from surrounding districts. P.U.B. is owned by Kooperativa Förbundet, the Swedish Wholesale Society,¹ and it caters for a less prosperous class.

Fixed-price Stores—The *Census of Business* also shows a group of shops which includes fixed-price stores; but a better source of information about them is the report made towards the end of 1935 by a Royal Commission, set up as the result of the fears and demands of Swedish shopkeepers. There is

¹ Otherwise its chief claim to distinction is that it once employed Greta Garbo.

no Woolworth in Sweden. There are, however, four organizations of some importance.

(1) "Epa" is controlled by a Göteborg company, which owns the Grand Bazaar and other shops in that town. The majority of the shares of the Göteborg Company are held by the Nordiska Co., to which I have already referred. In 1935 "Epa" had 11 shops, of which 3 were in Stockholm.

(2) "Tempo" is owned by Åhlen and Holm, a company which began as a mail order business. It had 9 shops, one of which was in Stockholm.

(3) "Resia" was started to sell another company's production of household and toilet soap, and toilet preparations: it now deals also in the oil and colour trade and in other commodities: it is doubtful whether it should really be classed as a fixed-price store. Its shares are owned by the other company, which is controlled by a Danish subject; whether on his own account or as a nominee for other interests is not known. No larger than Epa or Tempo, Resia has many more shops. In 1935 there were 101 of them, many in small places (those of the other two concerns were all in towns of over 20,000 inhabitants).

(4) "The 88-öre store" is controlled by a wholesale trading company. It is the smallest of the four concerns, with 2 shops in Stockholm and 2 elsewhere.

It is obvious that fixed-price stores are not nearly as important in Sweden as in England. Epa started 3 branches in 1930, 3 in 1931, 4 in 1932 and 1 in 1934. Tempo started 1 in 1932, 2 in 1933, 4 in 1934 and 1 at least in 1935. Between 1931 and 1934 the turnover of the four organizations rose from about £635,000 to £1,920,000, of which Epa and Tempo between them accounted for 83 per cent. £1,920,000, however, is less than 1 per cent. of the total retail trade: the corresponding proportion in England is somewhere about 15 per cent.¹ In Sweden, even in the particular ranges of goods in which the fixed-price stores specialize, they do not get more than 5 per cent. of the trade. In the same way, 36 per cent. of their turnover is in Stockholm; but they only get some 5 per cent. of the city's retail trade. Indeed it is only exceptionally, as in the small University town of Lund, that they get as much as

¹ H. Smith, *op. cit.* p. 50.

13 per cent. of the town's trade: such perhaps is the effect, either of learning or of its scale of remuneration.

Chain Stores—In short, neither department stores nor fixed-price shops in Sweden are formidable competitors of the private shopkeeper. The Royal Commission, mentioned above, reported in substance that his fears were ill-founded. There is, however, another tendency that seems more likely to develop. It will be noticed that two of the fixed-price organizations were started by wholesalers or producers. So, too, chain stores are on the increase, especially in the food trade. Occasionally they are controlled by producers, much more commonly by wholesalers. They may operate on a national scale or, more commonly, within a particular area. An instance of manufacturer's control may be found in the Oscaria boot and shoe shops, which in 1935 numbered 241 all over Sweden and had a total turnover of some £600,000. Hakon Svensson is a grocery chain in Middle Sweden, with a turnover of some £1,500,000. Under wholesalers' control, it gives shares to customers and so has about 1600 shareholders. "S.V." is another grocery chain, principally in Stockholm and Norrköping. Its turnover is about £600,000: it gives bonuses to customers. Another form of chain store is a voluntary organization of retailers, promoted and supported by a wholesale firm, with consequent advantage to its business. Instances of such organizations in the grocery trade are the "Blue Window" group of about 325 and the "Hansa" group of about 250 retailers. Each member runs his own business; but they trade under the same name and in shops that look alike and give the appearance of a chain. Other multiple shops, under producer's control, are owned by farmers' co-operatives. Swedish Butter, for instance, in 1934 had 80 branches and a turnover of nearly £250,000. I found it difficult to get precise information about the total turnover of these multiple shops of various kinds. An estimate of 50 million kr. (say £2,600,000) for 1934 is probably below the present figure. We may take it, however, that their share of the national trade is greater than that of the fixed-price stores, less than that of the department stores, but with more possibilities of increase; for they are not limited in the same way by the small size of Swedish towns.

VOLUNTARY ORGANIZATION OF PRIVATE SHOPS

It is competition with the multiple stores and others (especially the Co-operative societies, to which I shall presently refer) that has led to a certain amount of organization among private shopkeepers in the form of the voluntary groups mentioned above. There is also a Swedish Merchants' Association, to which about 40 per cent. of the shopkeepers, large and small, belong: it has local branches, organizes a certain amount of trade training, runs an architect's office and publishes a weekly journal. By agreement with the corresponding Swedish Wholesalers' Association it operates a system of control and report on new shops: in some cases the system is operated by the associations of retailers and wholesalers in the particular trade. The system is not universal, but apparently extends to food, drink and tobacco, general shops and textiles. On the basis of inquiries by local representatives into financial standing and general reputation, lists are periodically circulated of new shops which have been approved, of those which are not approved and of those awaiting investigation. The penalty for not being approved is the stoppage of wholesale supplies. That is the only control on the establishment of new shops in Sweden, except a somewhat rigorous control by the public authorities over the location and profits of chemists' shops.

Private shops account for about 83 per cent. of the retail trade in Sweden, department stores, multiple shops, fixed-price stores and mail order businesses (in that order) for another 6 per cent. The remaining 11 per cent. or so is the share of the Co-operative societies, to which I now turn.¹

CO-OPERATIVE MOVEMENT: ORIGIN AND GROWTH

The Co-operative Movement—and I am referring to consumers' co-operation, not to producers' co-operation in agriculture—is of more recent origin in Sweden than in England. There were small retail societies as early as the 'sixties

¹ Borrow, *loc. cit.* The statement that more than (or about) 20 per cent. of the retail and wholesale trade of Sweden is carried on through the Co-operative Movement appears in *Sweden, The Middle Way*, Childs, 1936, p. 42; *The Labour Party in Perspective*, Attlee, 1937, p. 18; and *D.O.T. Report on Sweden*, April 1937, p. 68. Nevertheless it appears to be incorrect.

of last century; Trollhättan, for instance, with its present membership of some 2700, was founded in 1867. In 1899 the societies formed K.F. (Köoperativa Förbundet) as an organ for mutual information and publicity. In 1909 K.F. bought a small margarine factory at Vänersborg and soon afterwards extended it for the manufacture of soap. The total turnover of the retail societies at the time was only about £1,250,000. In 1921 a larger margarine factory succeeded the Vänersborg one, and since then the manufacturing activities of K.F. have been extremely rapid. The value of its production passed the £1,000,000 mark in 1924, £2,000,000 in 1927, £3,000,000 in 1928, £4,000,000 in 1933, £5,000,000 in 1935, and amounted in 1936 to nearly £6,400,000 (120,859,531 kr.). That figure is about the same as the production of the Scottish C.W.S.¹ To it, however, may be added the production of the retail societies (bakeries, cookshops, etc.) amounting to about £2,300,000. The two figures do not represent more than 4 per cent. of the value of the total production of Swedish industry.² That proportion, however, is not a fair measure of the importance of co-operative production in Sweden: for, as appears in Chapter 9, K.F. has embarked on production wherever it saw the possibility of a substantial reduction in the price of a staple commodity for working-class consumption. It has done so especially in cases where a cartel was keeping prices artificially high. The results have been successful, the development rapid. In some of its later stages it has ventured into the field of foreign trade and international enterprise. It has been particularly concerned with the production of articles of food.

WHOLESALE TRADE

The same preoccupation is to be noticed in the wholesale trade of K.F., which in 1936 amounted to just under £10,000,000. Both the level of wholesale prices and the value of the combined exports and imports happened to be much the same in 1936 as

¹ Just over £6,000,000 in 1935. There are about 5 million people in Scotland, 6½ million in Sweden.

² Roughly estimated at 2½ per cent. for 1935 in a co-operative journal (*Konsumentbladet*, nr. 6, 1936); but the estimate does not include the production of the retail societies. The estimate of 10 per cent. in Childs and the *D.O.T. Report* (*loc. cit.*) appears excessive.

in 1930 and, if we take the figures given above for the earlier year as roughly applicable to the later, we may estimate K.F.'s share of the national wholesale trade in 1936 as 4 per cent. or rather more. It has grown rapidly; the value in 1936 was nearly 7 times as much as in 1918.

A few words on that figure of £10,000,000. It is a figure of wholesale trade and does not include much of the production from various K.F. factories, which do not carry on a wholesale trade but themselves sell to wholesalers. Out of the £10,000,000 wholesale trade, the greater part is transacted with the retail societies, whose purchases from K.F. in the same year amounted to just over £9,500,000 at retail prices. Probably K.F.'s wholesale trade outside the Co-operative Movement does not amount to more than 10 or 15 per cent. of the £10,000,000. Some 77 per cent. of the £10,000,000 trade is in food and grocers' goods, all or most of which would be dealt with by the Grocery Department of the C.W.S.: that Department's share of C.W.S. trade is almost exactly the same. As might be expected from that proportion, K.F.'s trade in articles in which it is specially interested forms a much higher proportion of the national wholesale trade than the average of 4 per cent. mentioned above. For instance, in flour, sugar, household soap and matches, its share is about 20 per cent. Its sales include about £2,500,000 from its own flour mills, margarine works, rye bread bakeries and oil mills. Cheese, butter, etc., amount to nearly £500,000, and "Colonial Produce" (coffee, fruit, vegetables and so on) to over £1,250,000. That produce, so far as it comes from abroad, is imported by N.A.F. (Nordisk Andelsförbund), which represents a venture in international co-operation. N.A.F. is an importing organization, owned by K.F. and the other Scandinavian Wholesale Societies. K.F. is its principal customer, and in that way imports some 16 per cent. of the coffee and fresh fruit imported into Sweden and 23 per cent. of the dried fruit.

The remaining 23 per cent. of K.F. trade is divided among a large range of articles. Clothing plays a much smaller part than in England; but the largest single item is about £640,000 for shoes (which is more than double the proportion of the Boot and Shoe Department of the C.W.S. and appears to include some retail trade). Electric light bulbs account for

nearly £70,000, cash registers for over £30,000 and publications for over £20,000. K.F. does not yet deal in coal, but is contemplating doing so.

K.F. is not only a manufacturing and trading organization. It also controls 3 Insurance Societies, one of which is for life insurance and the other two for fire, accident (including workmen's compensation and motor-cars) and other branches. The premium income of the three societies amounted in 1936 to just short of £1,000,000, of which life insurance accounted for a little less than half. In Great Britain, life insurance accounts for 78 per cent. of the premium income of the Co-operative Insurance Society. K.F. also has a savings bank, with some £4,000,000 deposits, and uses the retail societies as branches of the bank for deposits and withdrawals, much as the C.W.S. Bank uses them in England for a similar purpose. Some of the retail societies themselves have savings banks, with total deposits of about £1,000,000. K.F. has other activities than those of the C.W.S. It also fulfils the propaganda and educational functions of the British "Co-operative Union." Its publishing enterprises are described elsewhere.

Its educational work is mainly conducted through study circles, working on set books and on lines laid down by the Centre. There are some 12,000 such circles. The system has been extended and more than 2600 of the circles have been turned into correspondence groups, which have their books supplied and their answers corrected by the Correspondence School of K.F. In a few cases the questions are set by the School and the answers are corrected by local teachers. The School also deals with technical subjects, such as engineering and building. It works in association with other educational organizations, which make use of its services in organizing their own studies. They include the Swedish W.E.A. (nearly 400 circles), various Trade Unions (nearly 450 circles) and, for instance, Swedish Temperance Societies (500 circles, engaged on a course about the liquor question). In addition, Co-operative employees are trained at a centre at Vår Gård, and a fortnightly review (*Ko-operatören*) deals with the more serious problems of economics and co-operation.

Co-operative housing hardly falls within the scope of this chapter. I would only mention that the association of the

Co-operative Movement with the Tenants' Savings Bank and Building Societies, formed originally in Stockholm and since then in many other Swedish towns, is close, but not formal. There are also, for instance, some 18 Co-operative Building Societies, associated with the Stockholm Konsum and working in or near Stockholm.¹

RETAIL CO-OPERATIVE SOCIETIES

I now come to the retail societies, and I shall conclude with some general remarks about the Co-operative Movement and its organization, including the organization of K.F.

The growth of membership in the retail societies has been rapid. In 1913 the membership was about 105,000. During the war it more than doubled itself, slowed down after the war, and has doubled itself again in the last 12 years. The rate of growth is now slackening a little. The total membership in 1936 was over 585,000.

That means that about 1 in every 11 of the people of Sweden is a co-operator. The corresponding figure in Great Britain is about 1 to 6½. But the Swedes claim that only about 2 per cent. of the membership represents a second member in any one family, so that, in effect, more than one in three Swedish families are co-operators. That claim is supported to some extent by the retail sales per member, which amounted in 1936 to £38 11s.: the corresponding figure for Great Britain was £29 19s.² The total retail trade of the Swedish movement in 1936 was £22,600,000.³

In 1936 there were 710 retail societies. The largest was the Stockholm Konsum, with just over 80,000 members. The average membership of the remainder was 822. Since the societies in Göteborg and Malmö each have between 17,000 and 18,000 members and there are several other large societies in the bigger towns, the figure of average membership points to a number of small societies. Indeed there are 584 societies with less than 1000 members each and they account between them for more than one-third of the total membership. There are nearly 200 societies with less than 200 members each. At

¹ See Chapter 15.

³ 437,772,224 kr.

² But in Scotland alone, £44 (1935).

first sight, one would expect to find most of the very small ones in the far north: and indeed the smallest of all, with 28 members, is thereabouts. But, in general, the very small societies are scattered all over the country: they include one in Stockholm itself and several more in the surrounding country. The fact is that in the mountains and forests of the north, the Co-op., in its little log hut, is often the only shop for miles round; and everyone belongs. One society has two stores nearly 200 miles apart.¹

Who are the members? In the country as a whole, about half of them are industrial workers, one-fifth get their living from the land and the remainder are fairly evenly divided among other occupations and classes. A more detailed analysis of the Stockholm Konsum members shows about 51 per cent. as workers in industry or handicraft, 12 per cent. otherwise engaged in industry or commerce, 11 per cent. small employees and the remaining 26 per cent. divided among other occupations, including, it seems, a substantial proportion of middle-class people.

Of the retail trade, nearly 42·7 per cent. consists of purchases from K.F. There are variations up and down the country. In Stockholm and in the districts of Göteborg and Malmö the proportion of K.F. purchases is below the average, amounting in the Malmö area, just opposite Denmark, to 27 per cent. and in Stockholm to 33 per cent. The proportion in the departments of the far north is higher. K.F. claim that the retail societies buy as much from K.F. as they reasonably can; and probably that is so. The character of the retail trade is to some extent indicated by the character of K.F.'s own trade. No doubt, where the retail societies have few competitors, as in remote districts, their trade is bound to meet a more varied demand. In Stockholm it is predominantly in foodstuffs; groceries, meat and bread account for nearly the whole of it, the only other item of any importance being boots and shoes. Stockholm Konsum has about 400 shops for its 80,000 members and does a trade per member (including a little wholesale trade) of £40 12s., which is rather above the average for the country. But our tiny Co-op. in the north does £71 6s. worth of trade with each of its 28 members; and, in general, the

¹ Hedberg, *La Suède co-opérative*.

societies in the remote districts of the north do more trade than the average.

Purchases from K.F. do not represent all the trade in goods from Co-operative sources. Many of the retail societies run bakeries, cooked-meat works and so on, either on their own or in conjunction with neighbouring societies. Stockholm Konsum has a cooked-meat factory, with an output of nearly £1,500,000 in 1936, a large bakery and a coffee-roasting plant, which it shares with K.F. The retail societies, both in the large towns and in the country, often work in conjunction with agricultural producers' co-operatives. In Malmö, for instance, the retail society controlled a local dairy company, handling about 8000 gallons of milk a day. A farmers' co-operative handled nearly 5000 gallons through another chain of shops. The two bodies formed a joint concern, which has become the largest dairy undertaking in Malmö, handles nearly 15,000 gallons a day, and assures a steady market to the farmers and better and cheaper milk to consumers.

Stockholm Konsum claims that its prices for the foodstuffs, in which it principally deals, are definitely lower than those of private enterprises. The claim is supported by rather careful inquiries made from time to time. Although the inquiries are made under Co-operative auspices, it seems probable, in view of the low dividend policy of this and other societies and also of the specialization of Stockholm Konsum on a few commodities, that the claim is justified. There is a further reason. The expenses of the retail societies in Sweden work out, on an average, at 10.1 per cent. of their turnover. No corresponding figure is available for private enterprise as a whole; but probably its expenses would be distinctly higher, except perhaps in the case of shops dealing with a few staple commodities. A similar figure given me for a department store was more than double the Co-operative one. The proportion of expenditure to the turnover of retail societies is higher in the large towns than elsewhere. In Stockholm, for instance, it amounts to 11.2 per cent., and in the district that includes Malmö and its large society, to 12.1 per cent. That is because wages are higher in the large towns. Out of the 10.1 per cent. in the country as a whole, 6.6 per cent. of the turnover is expenditure on wages; the corresponding figure in Stockholm is 8.8 per

cent. I have given, in another chapter, some instances of wages paid by the Co-operative Movement, and I need only add that the workers in it, as in the English movement, are practically 100 per cent. Trade Unionist, and their conditions of employment are governed by collective agreement.

The next question is the proportion of retail sales to non-members. The best indication of that is that, on the statistics, about 90 per cent. of purchasers receive the member's dividend.

As regards dividend, the Swedish movement adheres firmly to a policy of low dividends. With very few exceptions, the rate is 3 per cent., say 7d. in the £. The movement has a close connection with farmers and their co-operatives: many of its members live and work on the land. Partly in order not to clash with the Farmers' Party, partly in order to extend its appeal to all classes, it does not engage in political activities. None the less, it is fundamentally a working-class organization: and both its principles and the personal opinions of its most important members lead to close and constant collaboration with the Social Democratic Government. The low dividend policy is part of its attempt to broaden the basis of its appeal. From another angle, the Swedish movement holds itself bound to lower the price and raise the standard of living for the working class. In urban distribution, as well as in production, it can best do so by coming in at, or just below, the current price and then lowering it: the margarine prices, mentioned above, are a good instance. It can best do so step by step, selecting one suitable staple commodity after another, instead of making a general, but less forceful, attack on everything at once. For such a policy, a low dividend is essential.

Membership is an easy matter. You just begin buying, keep the receipts and send them at New Year to the society. You are credited with the dividend until it amounts to 50 kr. (say £2 10s.). You then receive half the dividend and the other half is credited to you, until your credit amounts to 100 kr. You are then a full member and get the full dividend. It will be noticed, however, that the share qualification of 100 kr. is very much more than in England: there are, of course, local variations.

The smaller retail societies are usually run by a committee of about 5 members, elected by a general meeting of the society,

who appoint the manager. Sometimes, however, he is himself a member of the committee. Generally, by the way, the movement recruits its personnel with sense and care. There is, I understand, a steady flow of students from the High School of Commerce in Stockholm (corresponding, more or less, to the London School of Economics) into the central offices of the movement. For the managers, K.F. keeps an office to advise the retail societies and, in effect, to act as a sort of Labour Exchange. The larger societies are not run in quite the same way as the small ones. In Stockholm, for instance, the districts of the town hold general meetings and appoint their committees. The district assemblies also appoint delegates to a general assembly once a year. There are 105 such delegates and they appoint an executive committee of 15, which meets once a month. The managing committee consists of the four heads of departments, one of them dealing with groceries, another with meat, a third with the bakery and bread, and the fourth with finance and central administration.

The Stockholm Konsum is really a miniature of the national organization. The governing authority of the movement is an Annual Congress, held in June. It comprises some 800 delegates, appointed by the retail societies. Every society appoints at least one delegate. If its membership exceeds 500, it appoints a second—and so on: but each additional delegate must also represent £10,000 worth of purchases from K.F. In addition to the Annual Congress, there are 18 District Assemblies, in which representation is on the same basis and which meet in the autumn. They appoint an executive committee of 22, on a district basis (some districts appointing more than one member), which meets every two months or so. The executive committee appoints a managing committee of Directors for K.F. The Directors (usually 5, but any number from 3 to 7) run the day-to-day business of K.F. and are salaried, full-time officials. Their respective departments are, at present: Organization, propaganda, secretariat: Production and trade (the Chairman and an Assistant Director): Personnel: Finance and savings bank: Insurance. On important questions they consult the executive committee. They recommend to the Annual Congress a dividend on purchases from K.F., in 1936 at the rate of 1 per cent.

The members of K.F. include, besides the retail societies, a few miscellaneous associations, such as the insurance societies mentioned above. Among the retail societies themselves, a number are under the tutelage of S.H.F. (Svenska Hushållsföreningen). S.H.F. was itself originally a retail society. The District Auditors, who examine the accounts of retail societies, from time to time find one or other of them in difficulties. S.H.F. thereupon provides it with financial and technical assistance, advice and supervision. It has been called "the Co-operative hospital." It might also be called "the Co-operative nursery": for it helps in the formation and early struggles of new societies. In latter years its functions as a nursery have been more important than those as a hospital. It is gradually being dissolved.

CO-OPERATIVE FINANCE

A word or two, in conclusion, about Co-operative finance in Sweden. The low dividend policy means that there is not much money awaiting distribution as dividend. The centralization of savings bank deposits in K.F. tends, in itself, to make K.F. the banker of the retail societies. In fact, it acts in that capacity and the retail societies draw cheques on K.F.'s balance with its own bankers. A combined balance sheet of K.F. and its industrial undertakings (which are in form, for reasons of taxation, separate companies) has been published for 1935. Without setting it out in detail, we may notice one interesting point, namely that, on the side of capital and liabilities the savings bank deposits constitute nearly half the total. On the other hand, they are more than covered by money in hand, negotiable securities of a trustee character, and investments in mortgages. The proportion of money and negotiable securities is sufficient to assure a liquid position. The working capital, properly so called, consists of members' shares (no doubt a comparatively small amount) and of reserves and accumulated profits of various kinds. On the other side of the balance sheet there is reason to suppose that the principal assets, other than the bonds, etc., mentioned above and consisting of land, buildings and stock-in-hand, are conservatively valued.

CONCLUSION

To sum up, the outstanding point about the Co-operative Movement in Sweden is its rapid growth since about 1922. It has taken its opportunity in a country where economic and geographical considerations are in its favour. Private enterprise, with which it has had to compete, is not so highly or so variously organized as it is, in some trades, in England. But the Co-operative Movement, principally concerned, as in England, with foodstuffs, is provoking and encountering rather more organization among wholesalers and shopkeepers, especially in the form of chain stores. Its rate of development can hardly be expected to be quite as rapid as in the past. On the other hand, the capacity and enterprise of its leaders has been and is remarkable. I have little doubt that, on that account and having regard to Swedish character and conditions, the movement will ultimately play an even larger part than at present in the life of the country. There is some apparent danger of its embarking in prosperous time on the production of goods, the main market for which is not co-operative nor in Sweden: I can only say that Swedish co-operators are alive to the risk involved.

SOURCES

(1) 1931 *Års Företagsräkning* (*Census of Business in 1931*), Stockholm, 1935: 6 kr., cloth. Table of contents in Swedish and French, followed by 77 pp. Swedish text, 13 pp. French résumé and 281 pp. of tables, etc. I believe that another similar Census is under consideration.

(2) *De Svenska Enhetsprisföretagen* (*Swedish Fixed-Price Stores*), Stockholm, 1935: 3 kr., paper. See pp. 6, 7 above.

I have also used *Detaljhandelns Stordriftsformer* by Törnquist and *Statsmonopol* by Gillberg. The former is distributed by Nordiska Bokhandeln, Stockholm, 1 kr.; the latter, published by Bokförlaget Natur och Kultur at 3 kr., puts the case for private enterprise. Mr. Gillberg is the Managing Director of the Swedish Wholesalers' Association.

The Co-operative Movement publishes a mass of information about itself, some of it in English or French. The following deserve mention:

(3) Anders Örne, *Co-operative Ideals and Problems*; translated by J. Downie and published by the Co-operative Union, Manchester, 1937, 2s., paper.

(4) Anders Hedberg, *La Suède Co-opérative*, Stockholm, 1936, a pamphlet with map and illustrations. I believe there is also an English version.

(5) Bonow, *Ko-operationen och folkförsöjningen*, Stockholm, 1936.

(6) *Kooperativa Förbundet, Förvaltningsrådets-styrelsen och övriga visorernas berättelser* (Annual Report of K.F.).

(7) *Statistiska Tabeller* of K.F.: annual.

(8) *Konsum, verksamhetsberättelser* (*Annual Report of Stockholm Konsum*).

14. SWEDEN IN WORLD TRADE

By G. D. H. COLE

SWEDEN, like the other Scandinavian countries, is greatly dependent on foreign trade. Per head of population Swedish exports are considerably larger in value than those of Great Britain, and exceed those of any other non-Scandinavian country in Europe except Belgium and Switzerland. On this ground, it would have been natural to expect that the Swedish economy would be exceptionally hard-hit by the world depression, with its disastrous effects on the volume and value of international trade as a whole. Sweden did of course suffer, in common with all countries, a serious decline of exports during the worst years of the depression. There were, however, special reasons why the general disaster hit her trade less heavily than the trade of most other exporting countries; and there were subsequently special reasons for the rapidity with which the Swedish economy recovered to a high level of external as well as internal activity.

SWEDISH EXPORTS AND THE DEPRESSION

These reasons can be most easily appreciated by looking broadly at the character of Swedish exports. In recent years at least 45 per cent. of the total value of Swedish goods exported to all countries has been made up of forest products. Wood pulp alone has accounted for 20 per cent. or more of the total; paper and cardboard for another 2 per cent.; and timber and manufactures of timber for the rest. Of this residue, rough and sawn timber have been about two-thirds, exports of finished wooden goods being relatively small, and even dressed timber only one-third the value of rough and sawn timber.

Next in importance to forest products stand the Swedish exports of iron ore and of iron and steel. These now account for at least 20 per cent. of total exports—including finished

iron and steel, but not the products of the engineering and electrical manufactures, which can be put roughly at about 14 per cent. of total exports. Altogether, the metal and metal-working industries contribute at least 35 or 36 per cent. of Swedish exports.

Four-fifths of all Sweden's export trade are thus attributable to these two groups alone. The remaining fifth is highly miscellaneous. Food exports are only about 5 per cent. of the total, and textiles only about 2 per cent.

Thus, Swedish prosperity, as far as it depends on exports, is bound up with the fortunes of the iron and timber using industries in the world as a whole. Above all, it depends on the world demand for timber products and on the prices at which these can be sold, and so exchanged for the necessary imports. To a smaller, but still to a very important extent, Swedish prosperity is bound up with the demand for high-grade iron ore and iron and steel; for Swedish ores are of very high quality, and the Swedish iron and steel industry is noted for the excellence of its products.

In both these respects Sweden's experience has been fortunate. It is true that in 1932 iron-ore exports were reduced to one-fifth of the prodigiously high level which they had reached in 1929. But they recovered rapidly from 1934 onwards, and by 1937 the rearmament boom had lifted them to a level limited only by the productive capacity of the mines. Moreover, during the past few years Sweden has developed her own iron and steel industry to a remarkable extent, especially in the making of finished products; and her exports of iron and steel manufactures are now well ahead in quantity of those of the pre-depression period—even of the boom year, 1929. At the same time the Swedish exporters have reaped the benefit of rapidly rising prices, both for ore and for iron and steel in their various forms and stages. Rearmament, even more than other factors in world recovery, has been exceptionally favourable to the Swedish mining and metal-manufacturing industries—the more so because it calls for steel of high quality and thus favours Sweden as an exporter both of high-grade ores and of iron and steel products highly suitable for munitions.

Fortune has favoured the timber industries to an even greater extent. Wood pulp is used for the manufacture both

of paper and of artificial silk—both rapidly expanding branches of production. The demand for wood pulp fell off relatively little even in the worst years of the depression; and by 1933 Swedish wood-pulp exports were well ahead in quantity of those of 1929, which had been a record year. Exports of paper and cardboard fell off even less, and have shown an even more rapid increase since 1933. Timber exports declined to a greater extent; and they have recovered less in quantity. But in this case the trade has been regulated since 1935 by means of an international cartel, to which all the important exporting countries in Europe belong; and this body, by the fixing of quotas for all the producing areas, has effectively held up timber prices, though it has not prevented the total money value of Swedish timber exports from remaining much below that of the years before the slump. Thanks to this agreement—the European Timber Exporters' Convention—and to the general improvement in trading conditions, the value of Swedish timber exports rose from 166 million kr. in 1935 to 195 million in 1936, and has been at a still higher level in 1937. Over the same period, the value of Swedish exports of wood pulp and paper rose from 409 million kr. to 444 million.

Thus the Swedes, without escaping the consequences of the world depression in the sphere of international trade, have suffered a good deal less than their high degree of dependence on exporting would have made inevitable unless they had been remarkably fortunate in the character of their principal exports. Moreover, they have been to some extent fortunate also in the location of their principal markets. In 1929 Great Britain took one-quarter of all Swedish exports, the other Scandinavian countries nearly 15 per cent., Germany about 15 per cent., and the United States about 11 per cent. The remaining exports were widely scattered, France, Holland and Belgium being the most important buyers. In the slump, exports to Germany fell off sharply—to about 10 per cent. of the reduced total; but the other leading markets were fairly well maintained. By 1935 the German market had been largely won back, thanks to the expanding demand for iron ore and wood pulp; and export trade had settled down in proportions not very different from those of 1929, as far as the leading countries were concerned. Thus, despite the special trade agreements

made with Great Britain and various other countries, exports had not been much diverted from the old consuming centres, a clear sign that Swedish goods must go where they are needed, in spite of trade barriers and special trade treaties, though of course the existence of barriers does restrict the total volume of Swedish foreign trade.

SWEDISH IMPORTS

On the other hand, there has been a change in the sources from which Sweden draws her imports. In 1929 nearly one-third of total Swedish imports came from Germany, as against 17 per cent. from Great Britain, about 15 per cent. from the United States, and about 11 per cent. from the other Scandinavian countries. By 1935 the proportion of imports from Germany had fallen to less than a quarter, while imports from Great Britain were now 19 per cent. of the total. The United States supplied 13 per cent., and the other Scandinavian States about 12 per cent. This change is due mainly to two factors—the Trade Agreement made between Sweden and Great Britain in 1933, and the growing difficulty of getting payment for exports sent to the German market. The Trade Agreement obliged the Swedes to buy 47 per cent. of their total coal imports from Great Britain—to the advantage of the British exporting districts on the north-east coast; while the severe exchange control in force in Germany compelled the Swedish iron-ore and wood-pulp exporters to resort to what was in effect a rationing of supplies to the German market, and led to a discouragement of purchases from Germany, even apart from the effects of the artificial value set upon the German currency.

Sweden's dependence on the British market was such as to compel her, in common with the other Scandinavian States, to follow immediately the depreciation of the pound sterling, and thereafter to peg the krona to sterling instead of gold. This currency union naturally favoured economic intercourse; and in the depression Sweden's dependence on sales in Great Britain was used as the means for driving a hard commercial bargain for the expansion of British sales in the Swedish market. Even so, the Swedes sell more to Great Britain than they buy from British exporters. But the margin has been considerably reduced—mainly at the expense of Swedish purchases from

Germany. In 1936, according to the Swedish figures, Swedish sales to Great Britain were valued at 371 million kr., as against British sales to Sweden of 308 million. These figures naturally differ from the British official figures, because each country values its trade at its own ports; so that exports are valued so as to exclude and imports so as to include freight and insurance charges. How much difference this makes can be seen from the British official figures, which show, for 1936, imports from Sweden valued at £20,632,000, and exports to Sweden at only £11,297,000. The real balance is, of course, somewhere between the two figures, and is affected by the nationality of the vessels engaged in the carrying trade.

Swedish imports are in character much more diverse than the exports for which they are exchanged. For the most part the Swedes grow their own food, and imports of cereals, meat and even fruit are relatively small. Imports and exports of cereals roughly balance, subject to harvest fluctuations; and there is a small excess of exports of meat and dairy produce—especially butter. The chief imported foodstuffs are fruit and coffee; but all the leading food imports taken together represent only 11 or 12 per cent. of total imports.

On the other hand, Swedish industry depends to a substantial extent on imported materials, above all coal and oil and textile materials. Chemicals and dyestuffs are also imported on a large scale, and so is copper. Rubber comes in more in a manufactured than in a raw state. Manures, phosphates, and oil-cake and other forms of fodder, as well as vegetable oils and fats, are extensively brought in; and owing to the specialized nature of the Swedish iron and steel output there is a largish importation of iron and steel, both crude and manufactured, of types not made in the country. Swedish industry would be brought speedily into very great difficulties if foreign supplies of materials were seriously curtailed. This indeed happened between 1914 and 1918, when it was a vital necessity for the Swedes to remain on good trading terms with both sets of belligerents, and to supply them both, in order to make the best terms possible for securing imports of materials in face of the world shortage.

Of total Swedish imports in 1935, foodstuffs and drink and tobacco accounted for 13½ per cent., and fodder stuffs and

manures and oil seeds for another $5\frac{1}{2}$ per cent. Coal, coke and mineral oil accounted for over 13 per cent., crude and manufactured metals for about $11\frac{1}{2}$ per cent., and raw textiles and textile yarns for $7\frac{1}{2}$ per cent. Dyestuffs and chemicals were another $7\frac{1}{2}$ per cent., and there were a number of smaller, but essential, imports of industrial materials. This makes it evident that Sweden is not primarily a market for finished manufactures, which are produced at home over a very wide range. Textile piece goods made up indeed 9 per cent. of total import values, and engineering and electrical products nearly 10 per cent. (including motor-cars and parts, at about 2 per cent.—still mainly from the United States). But nearly two-thirds of total imports fall outside the class of completely finished goods, and are to be regarded as belonging rather to the class of materials destined for finishing at home.

This involves a very wide range of diversified industrial production for a country with so small a population as Sweden's—a range possible only in relation to a high standard of living and a high degree of technical skill. This skill is at its highest in the manufacture of electrical and other machinery, including dairying plant, gas and oil engines, telephone apparatus and ball and roller bearings, as well as in the production of steel itself. In all these commodities Sweden has, for its size, a considerable export trade, which is already back practically to the pre-depression quantity, though there has been a fall in total value owing to the decline in prices.

Sweden is thus primarily concerned, in both imports and exports, with industrial materials and semi-manufactures, exchanging timber and timber products, iron ore and steel against a much wider range of raw and processed imports. But the Swedes are also, though on a much smaller scale, important suppliers of certain high-quality finished goods—principally instruments of production in the electrical and mechanical industries—and important purchasers of textiles and of motor-cars, as well as of types of machinery which they are not equipped to produce at home.

THE BALANCE OF PAYMENTS

The net effect of all these transactions in merchandise trade is that, in most years, the Swedes spend more on foreign

products than they receive for their imports. There is, in the technical phraseology, usually an "adverse visible balance of trade." This, however, fluctuates very considerably from year to year. In both 1927 and 1929 Sweden had a small "favourable" balance of exports over imports; and again in 1933 and 1934 the two were practically equal. In 1935, on the other hand, increased imports in face of practically unchanged values caused a large adverse balance; and there was a considerable, though smaller, adverse balance in 1936, when a rapid rise in export values was more than offset by a still sharper rise in imports. It is impossible for the Swedes to maintain a high and expanding level of industrial activity without increasing their imports of materials from abroad; and to a smaller extent any advance in the standard of living is also bound to increase the demand for imported consumers' goods.

This adverse visible balance of trade, however, by no means involves a corresponding deficit in the balance of payments. For Sweden is both an important creditor country, with large investments of capital abroad, and the possessor of a large and flourishing merchant fleet. In addition to these principal "invisible exports," substantial sums are received as remittances from Swedish residents in the United States; and the falling tendency in this credit item is counterbalanced by the rapid growth of tourist traffic. Swedish travellers used to spend abroad more than foreigners spent in Sweden. But today the position is reversed, and the Swedish balance of payments is swollen by a modest, but increasing, net return from this source.

Sweden stands alone amongst the Scandinavian countries in possessing a net income from foreign investment; for Norway, Denmark and Finland are all debtors on capital account. Finland, however, has a large balance of visible exports over imports, as well as a positive balance from the earnings of her merchant fleet, and these visible exports enable the Finns to reduce year by year the outstanding total of their external debts. Norway earns by her flourishing merchant marine and whaling fleet enough in most years both to offset the net adverse balance of trade and to meet the charges for foreign capital. Denmark, with a smaller carrying trade, also receives

enough from this source to meet all claims, and to leave in most years a small net surplus for foreign lending or the reduction of existing debts. But Sweden's position as a substantial creditor country sufficiently marks her out as the financial leader of the Scandinavian group.

When the "visible" and "invisible" items in the Swedish balance of current payments are put together, there emerges a large credit surplus, available for new foreign investment at long or short term, save to the extent to which it is reduced by a net influx of gold. This balance was smaller in 1935 than in 1933 and 1934, on account of the rise in imports. But it remained considerable, leaving approximately 60 million kr. available, as against over 200 million in each of the two previous years. Actually, in 1935, this surplus was used in buying not foreign investments but gold, of which the Riksbank's holding has more than doubled in kronor value since 1929. But in other years there has been a large net investment or deposit of Swedish money abroad. Of late this has taken the form to a large extent of short-term holdings of foreign currencies. In 1929 the Riksbank's holdings of foreign currency amounted to 265 million kr.; in September 1937 they had risen to 1014 millions. This tendency to hold liquid assets abroad, even in non-earning forms, in preference to using available balances for long-term investment, is of course but one manifestation of a common tendency all over the world since 1929. Long-term investment abroad has in every country fallen to a very low level. What is remarkable about the Swedish case is the extent to which the country has continued to accumulate foreign balances in preference to taking out its claims in more rapidly increasing imports. The consequence is that Sweden's creditor position is, in a financial sense, quite exceptionally strong; for, even apart from the large reserve of gold (which could at any time be supplemented at need by raising the controlled output of the Swedish gold-mines), there are huge reserves of foreign exchange available for meeting any adverse balance of payments that might arise.

In pounds sterling, Sweden had in 1935 a visible adverse balance on merchandise account of about £9½ million. As against this, Swedish shipping brought in a net income of about £6½ million, and ships' stores, bunkers and port fees

another £1 million, while income from foreign investments brought in £4½ million, and emigrants' remittances and tourist expenditure about half a million each. This left a surplus of £3¼ million, which, as we have seen, was absorbed, in this particular year, by purchases of gold. In 1934, on the other hand, there was a surplus of £12 million, and a gold export of £4 million, making no less than £16 million available for investment or deposit abroad.

In these circumstances the Swedes have clearly no need to worry about their balance of payments. They have no motive for any system of exchange control designed to limit imports or for pushing their exports on reluctant markets at "dumping" prices. They need to increase imports rather than exports in order to establish a satisfactory balance, unless indeed they are prepared to take the risks of long-term foreign investment on a considerably increased scale. Even if imports were to rise a good deal more than they have done, the Riksbank would find no difficulty in providing the requisite supply of foreign exchange.

To the extent, then, to which Sweden has resorted to any sort of control over imports, the motive has not been that of protecting the currency. The aim, as in the United States, has been domestic; control has been designed to protect the standards of living of the home producers. Accordingly the measures taken have been practically confined to agriculture. The production of sugar beet is safeguarded by an import monopoly for sugar. Meat can be imported only under licence, and in accordance with trade agreements made with other Baltic States. The import taxes on margarine have been increased in the interests of the home producers of butter. And the State, through the Swedish Cereals Association (replaced since 1935 by the Swedish Cereals Company), has bought at guaranteed prices all the home-produced wheat and rye of sound quality that the farmers have cared to offer to it, and has met part of the loss incurred by means of a levy on wheat, in addition to the regular import duty. In the years of low world prices for cereals this State guarantee brought big gains to the Swedish farmers, and involved a big loss to the State: the Swedish Cereals Association had accumulated a deficit of about 80 million kr. before it was wound up

in 1935. But as world prices rose the price guarantee became of much less importance; and it has now been replaced by a system under which the State intervenes in the market for cereals only when prices threaten to fluctuate beyond certain limits.

Apart from measures of agricultural protection adopted during the world depression, and from certain forms of State control over exports designed to ensure high quality (for example, in the exports of butter), Swedish foreign trade has remained relatively free from restriction, despite the growth of economic nationalism in the world as a whole. In certain cases, however, the Swedes, like other national groups, have been forced to enter into special trading arrangements by the action of other countries. I have mentioned already the clauses in the trade agreement with Great Britain compelling Sweden to take 47 per cent. of her coal imports from British sources—with the incidental consequence of intensifying the competition of the displaced Polish coal in other markets, notably the Mediterranean, to the detriment of South Wales, which, in part at least, lost what Durham and Northumberland gained.

In the case of Italy, trade has been carried on only by means of a special clearing agreement concluded in 1936. Both countries' importers pay, under this agreement, in their own currencies into a central account into their own countries; and the quantities of imports to be allowed are rigidly fixed on a quota system, so as to allow a small surplus of payments to Swedish exporters on account of accumulated debts from Italy. Somewhat similar clearing agreements have been made with a number of other countries, including Turkey, Greece and Latvia; and there is a very complicated agreement with Germany dealing both with current trade and with payments to be made on the large amount of "frozen" Swedish credits. In general, however, the Swedes have endeavoured to avoid agreements of this type, and to leave themselves as free as possible to buy and sell where they think fit.

This, of course, does not preclude attempts to promote closer economic co-operation between the five Scandinavian countries—Sweden, Norway, Finland, Denmark and Iceland—or between these five as a group and their southern neigh-

bours, Holland and Belgium. As long ago as 1873 the Scandinavian Monetary Union not only gave Sweden, Denmark, Norway and Iceland what was in effect a common currency, but made the coins of any of these countries legal tender in the others. This Union was dissolved under pressure of currency difficulties during the war; but as conditions settled down in the 1920's attempts were made to achieve closer co-operation in trading policy—with Finland, now an independent State, added to the pre-war Scandinavian group. These attempts led up to the Oslo Convention of 1930—to which Holland and Belgium are also parties—binding the signatories neither to raise existing import duties nor to impose new ones without prior consultation with all the States which are parties to the agreement.

There are, however, fairly narrow limits to the possibility of increasing mutual trade between countries which possess a largely similar economic structure. Norway and, to a much greater extent, Finland are dependent on exports of timber and timber products. Denmark exports principally bacon and dairy products, and Iceland fish; and for none of these goods can there be any appreciable market in Sweden. Dutch exports are more diversified, but a high proportion of them consists of agricultural products, which Sweden does not need to any great extent. Belgium's largest export is steel. Nor are these countries, even where their own production is not directly competitive with that of Sweden, capable of absorbing Swedish products on anything like the same scale as Great Britain or Germany or the United States. The proportion of Swedish trade done with other Scandinavian countries has in fact risen very little. In 1929 they provided 10.7 per cent. of Swedish imports and took 14.5 per cent. of Swedish exports; in 1935 the corresponding proportions were 11.8 and 15. Holland and Belgium together did indeed supply nearly 8 per cent. of Sweden's in 1935, as against 6 per cent. in 1929; but they took only 6 per cent. of Swedish exports, as against 7 per cent. at the earlier date. This was no doubt partly a consequence of relative economic depression, especially in Holland, in 1935. But it will be seen that the whole group of countries which signed the Oslo Convention takes only about one-fifth of Sweden's exports, and provides only about one-fifth of her

imports. Nor could even a mutual "low tariff" or "no tariff" agreement, from which other countries were excluded, raise these proportions to more than a very limited extent.

CARTELS AND STATE INTERVENTION

Sweden, in effect, needs for her timber and her iron the markets of the great consuming countries, with their big populations. It may be none the less desirable for the Scandinavian countries and their neighbours to make mutual agreements for the greatest possible freedom of trade; but they cannot afford to do this at the risk of antagonizing more important customers, whose economies are in a higher degree complementary to their own. The Scandinavian States can co-operate much more effectively on the lines of a cartel selling to the rest of the world than by arranging to take in one another's washing.

The outstanding example of this type of inter-State cartel organization is the European Timber Exporters' Convention, to which brief reference has already been made. The nine countries which are parties to this scheme of sharing out the timber market under a quota system include all the important exporting regions, from Finland, with a quota of over a million standards (for 1937), to Czechoslovakia, with under 100,000. Norway remains outside; but the Norwegian timber industry is now mainly concerned with manufactured timber products rather than with sawn timber. Sweden, with a quota of 820,000 standards, comes third in the list of participants. The U.S.S.R. is ahead of her, with 950,000; but the Swedish quota is far ahead of any other, except Finland's. Poland, which stands next, has only 313,000, out of the total allocation of four million standards.

Wood pulp is subject to a similar type of regulation, albeit on a less official footing. The wood-pulp industry falls into two branches, according to the process employed. Mechanical wood pulp, the older branch, finds its outlet almost entirely in the paper industry, whereas the chemical product, cellulose, is used extensively for artificial silk and many other manufactures, as well as for paper-making. Each branch of the industry has its own international cartel, strongly enough organized to regulate output by assigning quotas to the various producing groups. The S.P.S. (Sulphite Pulp Suppliers) is a

cartel of producers in Norway, Sweden, Finland, Lithuania, Germany, Austria and Czechoslovakia. It also fixes a total output, and allocates this in the form of quotas to the various countries. But it vouchsafes very little information to the public, either about its total planned output or about the individual allocations of quota. Late in 1936 it fixed a total output of 2,600,000 tons; but in 1937 this was increased to an undisclosed extent. Mechanical wood pulp is regulated by yet another international cartel, which fixed for 1937 an export quota of $1\frac{3}{4}$ millions tons, Sweden's share being 600,000 tons.

These various cartels vigorously deny that they have been guilty of any anti-social restriction of output. They affirm that, on the contrary, they acted promptly in increasing the permitted quotas as the world economic situation improved. As for the sharp rise in prices which occurred in 1936 and the early months of 1937, they deny responsibility for it, and further deny that the greater part of the benefit of it accrued to the producers. It is usual, they point out, to make contracts for bulk timber products for a long time ahead; so that many producers were still selling at prices fixed long before the sharp increases had been made. The high prices quoted in 1937 were, they allege, largely exceptional rates offered for prompt delivery by consumers who had failed to cover their full requirements by means of forward contracts. Nevertheless, there was in the early part of 1937 an indubitable shortage of supplies, which was enabling middlemen to reap high profits and offering big gains to producers who had unsold supplies. Since then the effects of recession in the United States have somewhat altered the situation; for there has been a considerable extension of producing capacity in the United States and Canada in the wood-pulp industry, and the European producers became fearful of a fall in prices in spite of the strength of the cartels. But the bulk of the prospective output for 1938 had already been sold before their fears became serious in the autumn of 1937. In the timber trade proper the outlook is less satisfying to the producers; for there are large stocks of timber in Great Britain and other consuming countries; and a decline in building might well bring with it a very big falling-off in the amount of current demand.

Paper is yet another "forest product" of which the output is subject to control by international cartels, largely representing the Scandinavian producers. There are output agreements for various types of paper, and in some cases these include clauses regulating prices as well as production.

In these various industries dependent on forest products Sweden is merely one among a number of producing countries whose capitalists have come to regard co-operation as more profitable than competition, and have received the support of their respective Governments for the international cartels which have been set up. In respect of iron-ore exports, on the other hand, Sweden is in a position to stand alone; and in this industry the State, by agreement with the companies engaged in iron-mining, regulates the output and shipments of ore from the rich Lapland mines. In the years of depression the Lapland iron-mining industry built up very large stocks of unsold ore; and it has been the policy of the State and the companies gradually to liquidate these stocks as market conditions have improved. With the swift development of the rearmament campaign demand rose to such heights that by the end of 1936 surplus stocks had totally disappeared, and reserves of ore had fallen much below the normal. But the policy of regulating current output was continued, partly in order to profit by the high prices prevailing, but also because of fears that a large output, even if it could be readily sold, would be much less readily paid for by the countries—especially Germany—which were absorbing the bulk of the supply. The Swedes would greatly prefer to sell less of their iron ore to Germany, and more to Great Britain, both because Great Britain is a much safer payer and because they dislike making as large a contribution as they are actually making to Fascist rearmament. But it is not easy, for technical reasons connected with the productive methods employed in Great Britain, for the Swedes to divert more than a limited quantity from the German to the British market, though they have been helped in this respect by the intensification of British rearmament and by the fall in the Spanish output and its increased absorption by the countries which have been financing the Spanish insurgents.

The Swedish State, whatever Government has been in power,

has been fully prepared in recent years to adopt, or to support, measures designed to regulate the output and the exports of Swedish industry, both in the forests and in mining and metallurgy. The extent of this State intervention is apt to be concealed by the fact that, in most cases, the State does not act directly, but leaves the arrangements in the hands of the companies engaged in the trade, in which it is itself in many cases a participant. The State owns large forest holdings, operating some itself and leaving others to capitalist concerns. It owns large supplies of minerals, and receives royalties from their working. It levies numerous special duties and imposts on particular products, and has set up, as we have seen, a number of monopolies for the exploitation of particular trades. The Swedish State is thus a considerable participant in industry and export; and it is far harder in Sweden than in Great Britain to draw any clear line between public and private enterprise. In general, Sweden's policy has been, in view of her high degree of dependence on a limited range of exports, to make the most of these in world trade by cartel or other forms of regulation, and to prefer this method to the building up of any elaborate system of control by the central Government acting in its own name. Even the Socialists seem to have been content to leave control mainly in capitalist hands, and to concentrate on other methods of promoting economic activity by monetary manipulation and of improving the standard of living by an extension of redistributive taxation and of the social services.

There remain, however, a number of unsolved problems. Swedish economists and Swedish politicians have for the most part set a high value on price stability as a means of ensuring stable economic activity. The Swedish wholesale price level, in common with price levels elsewhere, fell sharply during the depression—by nearly a quarter from 1929 to 1933. Thereafter it began to rise, slowly at first, but with increasing rapidity in 1937. At the end of 1936 it was 10 per cent. below the level of 1929; but by July 1937 this difference had been wiped out, and wholesale prices were back where they had been before the slump began. The cost of living, on the other hand, was still from 4 to 5 per cent. lower than in 1929.

In the early months of 1937 opinion in Sweden was becoming

exercised about the movement of prices. The question chiefly at issue was whether, if prices continued to soar in Great Britain and other countries of the sterling group, Sweden ought to cut her currency adrift from sterling in the interests of price stability, or rather to sacrifice price stability for stability of her foreign exchange. It was evident that, if the current price trends continued, the Swedish price level was bound to rise further as long as the krona remained pegged to sterling at an unchanging ratio. But to change the ratio so as to hold Swedish prices down would involve both an internal deflation, which would arouse difficult antagonisms in the country, and a considerable risk of losing foreign trade. The economists of the "Right" nevertheless counselled the maintenance of stable internal prices; but the Socialist Government was not ready to follow this advice. It did not regard as unsound an economic expansion which was barely sufficient to absorb the available supply of labour, even if it did involve some rise in prices in correspondence with a general world tendency. Higher wages and taxation, rather than monetary deflation, appeared to the Socialists to be the appropriate steps to take against the sharp rise in profits which was undoubtedly taking place.

Just when the controversy over this matter seemed likely to grow acrimonious, the rise in prices in the sterling area underwent a check. The *Economist* index of wholesale prices reached its peak in March 1937, and thereafter began to fall. The wholesale price level in the United States also began to recede, as the growing business uncertainty reacted on the speculatively inflated prices of a number of primary products. It began again to look as if internal price stability and exchange stability might not be after all so incompatible as had been feared. Moreover, as against the assertion that Swedish wholesale prices were already too high, it was pointed out that they had fallen much less than British prices in the bad years, and that a parallel rise would therefore carry them further than British prices above the pre-slump level. In fact, decision upon the main issue was postponed, because it no longer seemed so urgent, and because the extraordinarily strong position of Sweden's finances made it clear that she possessed ample reserves for fending off any immediate monetary dangers. There was, nevertheless, a tendency to check further expan-

sion, as far as this could be done without deflationary effects. Bank rates were held steady at $2\frac{1}{2}$ per cent., and there was no considerable expansion in the note issue until September 1937. Thereafter, as a consequence of growing signs of recession in America and elsewhere, some slight indications of decline appeared. Wholesale prices began to fall slightly, without a parallel movement in the prices of consumers' goods. In the autumn of 1937 the Swedes were watching anxiously for signs of coming developments in the world market, and were in the meantime trying to keep their internal conditions as near stability as they could contrive.

There the question must be left; for it is quite outside the scope of this chapter to attempt prediction of the probable course of world trade in the future, important as this is bound to be for the Swedish economy. Sweden, we have seen, is very dependent in her foreign trade on the great world markets of Great Britain and the United States—above all, on the British market. Any serious contraction of British purchases would again confront the Swedes with a large fall in the value of their exports, and would inevitably lead to the appearance of unemployment on a large scale in the exporting industries, and especially in those concerned with forest products. It would call for a revival of the energetic public works policy which was so successfully pursued in the last depression—but with these differences: that Sweden has now vastly greater resources of foreign exchange to draw upon in an emergency, and that it would be much harder, in view of the existing abundance of money, to affect the situation by purely monetary manipulation. Sweden's problem, in face of a fall in exports, would be today the provision, not of money, but of work. It would be out of the question to lower the value of a currency which is backed by superabundant supplies of gold and foreign exchange; and no extension of the supply of credit would be likely to increase employment unless it were accompanied by a more than proportionate increase in the direct provision of orders by the State. In the last depression, the Swedes undoubtedly owed a great deal to the virtues of their handling of the monetary problem; but even then monetary expansion would have been ineffective if it had stood alone. Much was due to the peculiarly recuperative quality of Swedish exports of forest

products, which benefited by the growing demand for paper, artificial silk, and other products based on wood pulp, as well as by the British boom in house-building. These same forces are likely to operate in a future depression; but there may be a very difficult interval, which can be bridged only by an active public works policy, involving a considerable drawing upon the ample Swedish resources of money at present deposited abroad.

SOURCES

Further information will be found in the following:

- (1) *Reports* of the Department of Overseas Trade.
- (2) *International Trade Statistics* (annual) published by the League of Nations.
- (3) *The Northern Countries in World Economy*, published by the Delegations for the Promotion of Economic Co-operation between the Northern Countries.
- (4) *Svensk Statistisk Årsbok*, 1937, published by the Swedish Government.
- (5) Pamphlets published by the Timber Trade Federation.

PART THREE

SOCIAL CONDITIONS AND POLICY

15. SOCIAL SERVICES

By MRS. I. M. BOLTON

INTRODUCTION

This chapter is merely a superficial survey of Swedish social services gained by a study of a few selected documents, a very brief tour of social institutions, and conversations with a few Swedish social administrators. The fascinating and socially important work of making a comprehensive study of these services has not yet been done except for the Swedish Government publication, *Social Work and Legislation in Sweden*, which has recently been republished in English and from which much of the data of this chapter has been drawn.

Before describing the individual services it will be useful to outline the social background and the general principles on which these services are built up. Sweden is very democratic, with a much closer approximation of wealth than in England: little difference in the standard of life between the working and the middle classes: a single standard of manners, and easy social relations. It has enjoyed many decades of free primary education and easily accessible secondary and adult education, and practically all Swedish children attend the public elementary schools. The Swedish people have a very highly developed civic sense, and civics is a compulsory subject in every child's education. All these facts are reflected in the social services: and whereas in England these services are less effective than they might be because many of the people who most need them are unaware of what social facilities exist or how to get them, in Sweden the people know how to use to their best advantage the social services at their individual disposal.

In England our social services have been generally blighted with poor law stigma, and though this atmosphere of "social services for the lower orders" is gradually disappearing, it

has acted (as it was meant to do) as a deterrent against people making the fullest use of them. In Sweden, social services are provided as much for the middle as for the working classes: all classes use the social services they need, and pay for those which are not free on a graduated scale according to their capacity.

The reason for this state of affairs is probably that this mutual obligation of service has evolved naturally and uninterruptedly from the past. Sweden evolved straight from feudalism into modern industrialism; the feudal lord became the industrial employer of the isolated manufacturing estate, and there was a feeling of mutual interest and obligation between the employer and his workers. The employer provided the houses, the schools, and other social amenities necessary, and these feudal manufacturing estates were gradually transformed into democratic communities and independent communes.

One must remember also that Sweden, with a population equal to that of London, is a country three-and-a-half times the size of England; it has vast natural resources, a good climate, a beautiful countryside with abundant forests, rivers and lakes, and a coastline of 4740 miles; it has a small urban population, with only three towns of over 100,000 inhabitants and an entire absence of smoke in its well-planned industrial towns. All these things, in addition to a high standard of living, make a happy setting for social services!

While many services are very cheap, hardly any are completely free. In Göteborg, for instance, elementary education is free but parents have to pay for the books, or, if too poor, get them through public assistance. In Stockholm there is a fair-sized distribution of boots and free meals for necessitous children, but school medical inspection is paid for by the children's parents at 1s. a visit. At the Vasterås primary school each child pays 2s. for its compulsory yearly medical inspection and the State 7s.

It may be noted here that though there is a tendency for increased State regulation of social services, the dangers of bureaucracy are very jealously guarded against. Most of the administration of social service is a mixture of State, municipal, and voluntary activity, an arrangement which would be neither

efficient nor acceptable in Britain, but which in Sweden functions admirably.

The Chief State Department is the Ministry of Social Affairs with its Medical Board, State Insurance Office, Pension Board, and Social Board; Education is under a separate Ministry, and housing of agricultural workers comes under the Ministry of Agriculture. Of voluntary organizations the chief is the Central Association of Social Work, composed of ten national organizations concerned in social work, such as the Swedish Poor Law and Child Welfare Association, the Swedish Town Association, the Association of Country Communes and the County Councils Union: the last three organizations and the Central Association for Social Work set up in 1920 an Institute for Social-Political and Communal Education and Research.

SOCIAL INSURANCE

The chief field of social insurance in Sweden are employers' liability against Workmen's Compensation, which has been compulsory since 1901; Health Insurance, which is voluntary and varies according to the premiums paid; Invalidity and Old Age Insurance, which has been compulsory since 1913 on all citizens; and Unemployment Insurance, which is voluntary.

Workmen's Compensation—Employers' Insurance against workmen's accident compensation has been compulsory since 1901, and in 1930 was extended to cover certain occupational diseases. Insurance must be with the State Insurance Office or with a mutual insurance company, and the cost of insurance is borne entirely by the employers. In scope it is similar to that of the United Kingdom, and the benefits include medical attention and appliances, sick benefit proportional to normal earnings (1s. per day for annual earnings of less than £34, increasing to 5s. 6d. per day for annual earnings of £142) and cash benefits for total permanent incapacity ranging from £15 to £100, equal to two-thirds of the annual earnings per annum. In the event of death the pension for widows and dependent widowers, and for dependent father or mother, is in each case a quarter of the annual earnings of the deceased, and for children up to 15 years one-sixth: but the total must not exceed two-thirds of such earnings.

Insurance premiums are related to the particular risks of the occupation. Appeals concerning compensation are referred to the Insurance Council, a State court of 7 members, 2 of whom represent workers and 2 represent employers.

Since 1918 there has been a voluntary insurance scheme for the fishing industry by the State Insurance institution, with the same benefits as those mentioned above. The contributions range from 6s. per annum for fishermen earning up to £30 per annum to 10s. for those earning £60 per annum. The State bears the cost of administration and deficits.

Unemployment Insurance—Unemployment Insurance in Sweden consists of a State subsidized voluntary unemployment scheme, which in January 1937, according to the I.L.O. figures, covered 102,000 persons. Unemployment Insurance Societies must be registered as Benefit Societies, and are in fact national societies on an occupational basis, formed almost exclusively by the Trade Union. The sphere of unemployment insurance is similar to the English scheme. The qualifying period for benefit is 52 weekly contributions, of which 26 must be in the 12 months preceding unemployment. Benefit may be from 2s. to 6s. a day and must not exceed for a person with dependents four-fifths and for all other persons three-fifths of the ordinary trade rate of the locality. (See chapter on Public Works Policy.)

Health Insurance—There is no compulsory health insurance in Sweden. A Bill for this purpose was proposed in 1919, but owing to the economic depression in the years following it was never introduced. There is, however, a voluntary scheme of insurance through several registered sickness benefit societies subsidized by the State and supervised by the Pensions Board. At present about one million persons have come into this scheme which is open to everybody who at the time of admission is between the ages of 15-40 (in some cases 50) and is in good health and free from disability which would reduce his working capacity. Insurance against the cost of medical treatment is restricted to persons with a taxable income of £400 per annum or less, and no State subsidy is given for members who are ensured for such sickness benefit exceeding 6s. a day.

The system was built up on a number of registered societies,

some local, others national, some open to all insurable persons, others restricting their membership to a particular trade, profession, creed or employment in a particular enterprise or under a particular employer—these latter societies often having been helped or initiated by the Trade Union or employer concerned.

In 1931 a Sickness Fund Order was introduced to obtain uniformity and prevent overlapping. There are now two types of state-aided health insurance societies—local organizations which have a monopoly of membership within a particular commune or group of communes, and central organizations which operate within a large town or group of counties. An insured person is connected with one local and one central society, but is not at liberty to belong to any society of either type except that covering his particular area. The only exceptions allowed to this are in the case of some societies which existed before 1931 and based their membership on particular trades or employment. The control of societies with more than a thousand members is in the hands of elected representatives of the members together with a nominee from the Medical Board and Health Board.

Local and central societies administer different types of benefit. The local society gives cash allowances for medical aid and hospital treatment and sickness benefit for a period which may be anything between 18 and 90 days according to the size of the society; while the central society gives prolonged benefit after that date for an unlimited period in the case of medical benefit, and for two or three years for hospital treatment. The central society also administers the maternity insurance benefit.

Benefits include two-thirds of the cost of medical attendance; 1s. to 6s. a day up to two or three years continuous sick benefit, "hospital treatment compensation" covering an amount chargeable for treatment in a general ward of a municipal hospital in the district (this can be deducted from the daily sick benefit, but there is a provision that where there are dependents only half the daily allowance can be deducted), and maternity benefit. Since 1937 the cash maternity benefit for a woman member of an approved society is £5 5s. minimum, in addition to which the State pays the entire cost of midwifery services and most of the cost of hospital treatment.

The scale of premium is fixed when the member joins the scheme and is related to benefits. The usual premium for full insurance ranges from 1s. a month where the sick benefit is 1s. per day, to 7s. 3d. per month where the sick benefit is 6s. per day. People not earning their own living or able to obtain free medical attention can ensure for medical benefit or sickness benefit only. Members can also ensure for medical benefit for their children under 15 years of age for an additional premium of 2d. to 3d. a month.

The State subsidy paid to an approved society is proportional to the number of members and to the amount expended on benefits. This subsidy in 1937 averaged 12s. 9d. per member per annum over the whole country when the insurance covered sickness benefit and medical attendance, 10s. 9d. when it covered sickness benefit only, and 4s. 7d. when it covered medical attendance only. In addition, a large number of local authorities give voluntary subsidies: Stockholm gives 3s. per member plus 20 per cent. of hospital costs, Göteborg pays 4s. per member, and Malmö 3s. per member per annum.

Invalidity, Old Age and Children's Pensions—Invalidity and Old Age insurance has been compulsory since 1913 and extends to all Swedish citizens from 16 to 66 years of age, with the exception of public servants, all of whom are entitled to State pensions. (Every Swedish citizen can insure voluntarily at the Post Office for additional pensions and death benefit, or with voluntary insurance societies.)

The scheme is administered by the Royal Pensions Board attached to the Ministry of Social Affairs and by 2642 local pensions committees appointed by the commune, at whose meetings a representative of the Royal Pensions Board is present.

Contributions range from 6s. to 20s., and within these limits is 1 per cent. of the member's assessed income. The pension is paid to persons at the age of 67 or when permanently incapacitated for work, and amounts to 70s. plus 10 per cent. of the member's total contributions per annum. Supplementary pensions are paid to pensioners permanently incapable of work whose income is below a certain level, varying according to the cost of living in the commune in which the pensioner resides, between £22·85, £30 and £37·15 per annum or double

that amount for a married couple. The pension varies in the same manner, between £12·5, £17·5 and £22·5 per annum less seven-tenths of the amount by which the annual income exceeds £5.¹ The entire cost of supplementary pensions is borne by the State and municipality, the contributions of the latter varying from one-eighth in the lowest cost of living group to one-fourth for the highest. In 1937 supplementary pensions were being paid to 400,000 pensioners.

Since 1937 children's allowances have been granted to orphans or children of pensioners permanently incapable of work provided the income of each parent is less than £21 plus £8·5 for each child. The allowance is £12, £15 or £18 per annum according to the income of the parent and the number of children in the family receiving the allowance. For orphans and children under two years the allowance is £3 or more.

Pensions based on voluntary contributions are increased by State subsidy amounting to one-eighth of the total contributions paid in each year up to a maximum of £15. The State also pays the administrative costs of the Central Insurance Authorities and the municipality pays the Local Pensions Committee.

Seamen get non-contributory pensions for themselves and their dependents. Blind persons receive pensions of £25 per annum. Children's allowances are paid by money order from the Royal Pensions Board, but pensions are paid at the Post Office branch specified by the pensioner.

Alongside this national insurance there is the Personal Pensions scheme started in 1915 and reconstructed in 1929, called Svensk Personalspensionskassan (S.P.P.). This Society, managing a pension fund for the non-manual staffs of Swedish industry, is subject to State supervision and managed by a council of 42 members on which are representatives of industry, the Chambers of Commerce, Insurance Companies, clerical

¹ The assessment of income for this purpose does not include a national pension, or a reasonable subsistence allowance from a relation; or money received as a result of a gift, a will or an ordinary insurance policy worth not more than £15, £17·5 or £20. This supplementary pension or invalidity relief can be temporarily disallowed if the insured person has improperly dissipated his property, given a false return of income, or if within the previous two years his mode of life contributes unnecessarily to his impoverishment.

organizations and of the individual employers and employed. Its object is to provide a uniform scale of old age, disability and dependents' pensions which will not be jeopardized when the insured person changes his employer or occupation. All payments are proportional to age at entry and to annual wages, but are stabilized at a maximum wage of £500. The Old Age pension given to men at 65 and women at 60 amounts to 60 per cent. of the annual wages. The invalid pensions for complete incapacity is 60 per cent. and for partial incapacitation 50 per cent. or correspondingly lower sum. The family pension is payable to a widow as long as she remains a widow and to each child under 21 and till its death if it is completely incapacitated from work from 21 onwards. The pension to the widow is 20 per cent. of the annual wages of the deceased with a reasonable proportional supplement for each child. If an employee ceases to work in a firm which is a party to this insurance, arrangements are laid down for assessing the ultimate pension at a lower level, or for allowing the employee to carry on by himself, by allowing postponement of payment of contributions during unemployment, sickness or other cases of difficulty, etc.

HOUSING

Housing Standards—Housing standards in Sweden are quite different from those in England. It is true that there are no slum areas but only individual slums in Sweden, and that Swedish town planning is superb; also that the problem of housing is latterly being attacked with the usual generous civic spirit of the Swedes and with great foresight. It still remains true, however, that there is a great deal of overcrowding in Stockholm and Göteborg where housing conditions are relatively good, and that in the north, amongst the mining population and the foresters, the situation is far worse. There is no official standard of overcrowding in Sweden, and flats and houses of one room and a kitchen are more common than any other type. Middle class and working class people alike regard all their rooms, often including even the kitchen, as bed-sitting rooms with divan beds and writing desks, and the standard of a separate bedroom for every person and a common living-room is rare. They show an economy of planning in

their sanitary arrangements, and even in the newer flats in Stockholm a combined lavatory and shower bath with flue ventilation is common; but the Swedes are so orderly and clean that nowhere does one find a dirty or untidy apartment, and the flue ventilated lavatories even in the hotels were never objectionable.

The town population even of small towns lives mostly in flats of five or six storeys, and in the country flats are not uncommon. There is a tendency to reduce the height of these blocks; the H.S.B.¹ (which is the largest co-operative working-class housing concern in Sweden) now restricts them to three or four storeys, and in the suburbs of Stockholm and the working-class flats of Göteborg three storeys is usual.

These flats are usually very well planned and built, of excellent brickwork or concrete, considerable variety of layout and elevation, with sun balconies which rarely cut off any light from the window below, and amenities such as communal well-equipped wash-houses and drying-rooms, lifts, central heating, children's playroom or gymnasium, large planted courtyards, and often a kindergarten.² There is a standard kitchen (which is an economically planned workshop pure and simple) for all new flats and cottages, whether working class or not (at any rate in the Stockholm area): these have standardized pressed steel sink and draining boards and cupboards which would appeal to any housewife but which would be prohibitive in price if they were not made in very large quantities.

Most of the cottages are built of wood with strong brick foundations, and are often sectional buildings.

While it is true that cheap housing accommodation is a serious problem in Sweden, and that conditions are far from satisfactory, the efforts being made to cope with this need are so fine that any English administrator can learn something from them.

¹ Hyresgästernas Sparkasse Byggnadsförening (the Tenants' Savings Bank and Building Society).

² The H.S.B. usually provides in its large blocks of flats, kindergartens which are sometimes combined gymnasiums and workrooms. The play-rooms and crèches are in charge of persons fully competent to look after infants in arms as well as older children, and children can be left for part or the whole of the day for a very small payment by the parent. There are also social rooms for the parents.

Communal efforts to deal with the housing shortage are the usual mixture of State, municipal, co-operative and voluntary activity which is characteristic of Swedish life. The policy of the State and municipalities has been to finance loans and facilitate building operations and the acquisition of sites, but to leave the actual building to private and co-operative enterprise. A large proportion of the land is State or municipally owned and is let on lease or provided free for housing purposes.

State and Municipal Action—Recent legislation has been directed into four channels—the construction and improvement of houses for agricultural workers, the construction of cottage estates, the provision of block dwellings in towns and the housing of large families.

The Own Homes Fund was established in 1904 to enable people in rural areas to obtain loans at low rates of interest in order to acquire a freehold house or small holding of their own. It is a State organization with local Boards in every commune and a central Board in Stockholm. The Fund is administered by the local boards, which are subject to certain regulations and supervision of the Central Board, and which carry their own risks for the funds they administer. The amount of the loan is one-half to three-quarters of the value of the dwelling (which must not exceed £500 in value) or one-half to five-sixths of an agricultural holding, the value of which must not normally exceed £750. An additional "bonus" loan not exceeding £75 is given for improvement or extension of agricultural holdings by increased dwelling accommodation or agricultural improvements. This loan is advanced as the work proceeds and does not have to be repaid. The amount of the loan is at present £12,500,000, and under this loan 20,000 "own homes" have been acquired, 48,000 of which are agricultural holdings. The total advances at the moment amount to £900,000 per annum.¹

In 1909 the State was partly responsible for the establishment of a credit organization for the purpose of advancing money on first mortgages for building purposes. The central fund, known as the Town Mortgage Fund of the Kingdom of Sweden, operates through local societies of borrowers. Unlike the Own Home Fund, it lends largely on big apartment houses

¹ See also "Recent State Activities," p. 257.

and does not make a speciality of furthering new production. The state is strongly represented on the organization, and is responsible for debentures up to the amount of the original capital.

In 1920 the State Dwellings Loan Fund was established. This fund is administered by the State Buildings Bureau, and it grants credits to builders. In 1930 this work was extended by the setting up of a central fund (the Swedish Residential Credit Fund) for the purpose of granting secondary credits for apartment houses, co-operative dwelling houses and "own homes."

Recent State Activities—In 1933 the Government launched a programme to combat the great depression in the building trade and to reduce the housing shortage. A State fund of two and a half million pounds was established for this.

The State decided to advance loans at the usual State interest (4 per cent.) to builders who are recommended by the municipality, either for reconditioning old houses or for building new. They can borrow up to 70 per cent. of the cost from private undertakings and the Government makes a loan of 15 per cent.—so the builder need not mobilize more than 10 per cent. of the cost. This scheme is not restricted in its use to working-class housing; but in practice it is the co-operative H.S.B. which has taken most advantage of it, for block dwellings.

Most of the expenditure under the 1933 programme was on rural housing. Small farmers and crofters could claim from the State 50-80 per cent. of the cost of necessary repairs and rebuilding and could borrow the remainder from the State interest free. (In 1937 it was made possible for very poor persons to receive the whole cost of the work from the State as a gift, themselves contributing only their own labour.) Altogether 50,000 houses have been affected by this scheme and have usually been rebuilt entirely. There is need for 50,000 more houses in the countryside; there are still many tied cottages attached to farms, and often these house two families. In cases of need the farmer can get help from the State at $3\frac{1}{2}$ per cent. interest; in fact a recent statute enables the municipalities to use compulsion.

At the same time there was an extension of the Own Homes

movement to help seasonal workers to augment their incomes. Loans up to £300 can now be obtained from the State for the purchase of a small holding of 5 to 7 acres and some stock, and for the erection of a two-roomed house; the wife usually works on the holding all the year and the man works on it during his period of unemployment. Two-thirds of the loan has to be repaid in 35 years; while the other third is not repayable, although the borrower must find the interest on it.

In 1935 the Government created a fund of £525,000 for the housing of large families. Loans are granted to municipalities and public benefit building societies for the erection of blocks of flats with a minimum of 2 rooms and a kitchen, primarily for families with three or more children. The sites must be provided free by the local authority, and the builder can borrow the whole cost from the State at 3 per cent. interest repayable in 40 years: the local authority is the guarantor for 50 per cent. of the loan. These buildings must conform to special regulations—there must be a playroom and crèche in charge of experts in or near the houses, a communal wash-house and a bathroom for each family. The rent is fixed by the State and is calculated on building costs only, the cost of the site being ignored. The State further gives rent rebates of 30 per cent. for families with 3 children under 16, 40 per cent. for 4 children, and 50 per cent. for 5 or more children. Up to April 1927 the loans were granted for 2561 such flats.

Stockholm has itself built under this scheme and has helped to promote two companies for the same purpose, *i.e.* Family Dwellings Ltd. (A.B.F.) which has been formed in co-operation with H.S.B. and Homes in Stockholm Ltd. (A.B.S.). During 1936-7 the city built 170 such flats with 509 rooms; A.B.F. 324 flats; and A.B.S., which has only recently started, has planned for 1937-8 600 flats with 2000 rooms, half for large families and the rest for other tenants with small means. The ordinary cost of a flat of one room and a kitchen in Stockholm is £60, and the usual workman's wages £150 to £200 per annum. The income limit to qualify for cheap housing for a family of 3 children is £175 (£25 extra is allowed for each additional child). The actual rent paid by a family with 3 children

for a flat of 2 rooms and a kitchen is about £25 to £45, and would be £20 where there are 5 children.¹

Co-operative Building Societies—Co-operative building societies have long played an important part in the provision of houses in Sweden. In 1916 a new and more democratically constituted type of society was formed on the initiative of the Central Union of Social Labour and with the financial co-operation of the Stockholm County Council—namely, the Stockholm Co-operative Housing Society (S.K.B.). This society builds blocks of flats for its members, who pay a deposit proportional to the rent of the flat: this deposit is refunded when the tenant leaves. Up to the present the S.K.B. has built 30 blocks of dwellings totalling 1857 flats of 1 or 2 rooms and a kitchen, of a total capital value of over £1,500,000. The City of Stockholm has a minority representation on the Board of the society.

In 1923 a still more important Co-operative Housing Society was formed—the H.S.B. (Tenants' Saving Fund and Building Society). This organization originated in Stockholm but has spread to Goteborg and nine other towns. An H.S.B. consists of a central society and a number of subsidiary societies. The central society buys all sites and finances and builds all the houses, and then sells them to the residents. Each block of flats is owned and controlled by its residents who form a separate subsidiary society, but the central society keeps the books, sells the flats and makes bulk purchases of coal, etc.,

¹ One of these dwellings, which is undoubtedly model, houses 68 families with 245 children under 15. It has lifts, constant hot water, central heating, and the standard stainless steel kitchen. It contains a modern nursery school for children from 1-7 years, two balcony rooms with sliding glass windows, one for children aged 1-3 and another for those aged 3-7. The children go there from 9.30 to 3 p.m. for six days a week and have dinner in the nursery at 12.30. The children of 7-15 years come home from school to dinner at 3 p.m. and stay till 5 p.m. to do their homework. The school-rooms are open for games from 5.30 to 7.30 two nights a week for girls and two for boys. Parents pay 2d. per day for each child, which includes the cost of dinner.

The nursery school (to which the city contributes £900 a year) is in charge of a fully qualified nursery teacher, the present one having had five years' training in America with one year in a children's hospital. Her assistant is a trained kindergarten teacher. The children are not taught to read or write, simply clay modelling and other handwork and games. A trained nurse and a cook complete the staff. The kitchen is very well equipped, with the usual stainless steel sinks, frigidaire, etc., and the food is of the highest quality. The dining-room, lavatories and playroom are all fitted with most up-to-date nursery furniture and appliances.

for each subsidiary society. The H.S.B.s themselves are federated in a State league for arranging loans and extensive bulk purchases of building materials, etc.

In Stockholm, 12,000 people, of whom 60 per cent. are working class and 40 per cent. "professional" class, live in H.S.B. flats. Rents are 25-30 per cent. less than in the open market. The H.S.B. builds flats of four classes. In "A" and "B" types the tenants must pay a deposit of 10 per cent. and 5 per cent. respectively; "C" type are let without payment to poor tenants and are subsidized by the municipality; "D" type are also subsidized by the municipality and are reserved for large families.

H.S.B. flats are well built with central heating, lifts, mechanized wash-houses, rubbish shoots with incinerators, carpet-beating rooms, children's playgrounds, gymnasias, day nurseries and sometimes central kitchens.

The Stockholm Society also supplies good modern furniture and runs clubs, study circles, a journal, and a training school for infant and children's nurses; also a "summer colony" where 400 members own week-end cottages.

Private Enterprise—A block of service flats has been built for married women workers in Stockholm: these are one or two-room flats with a balcony, kitchenette and bathroom, service lift and house telephone, a rubbish shoot and laundry shoot on every floor. Food can be provided from a central kitchen or taken in the public restaurant; the staff do all housework and mending: there is a crèche open night and day, or a children's nurse can be sent to the flat.

Private employers have also made some contribution to the provision of houses. The Federation of Swedish Industries has co-operated with engineers and architects to form Industrial Houses Ltd., which has carried housing schemes and produced schemes for standardized building materials to save time and cost.

Garden Cities and Allotments—Garden cities are being built near the larger towns, particularly Stockholm. Stockholm must be one of the most beautifully planned cities in the world, and has been completely town-planned for the past seventeen years. The municipality is purchasing land systematically both inside and outside the city boundary. It now

owns 24,000 acres in the suburbs, and has so far only built on 6000 acres. 50,000 people are living in these suburbs in 7000 one-family villas and 500 flats, within a threepenny half-hour ride from Stockholm, and the number is increasing by 2000 to 3000 every year. The city lets the land on a 60-year lease, which the tenant can renew if the town does not need the ground. The ground rent is 5 per cent. of the site value, and varies from £80 to £200 per acre: it can be increased after 60 years. These detached single family villas are usually put up by small builders under municipal control, and the owner can obtain a municipal loan up to 60 per cent. of the cost at a low interest. These villas, which consist of 3 to 6 rooms and a kitchen, with wash-house, cellar and garage, cost between £1000 and £2000.

Blocks of flats, usually three storeys high, are built round central squares on the same site as the shops, railway station, etc. 16,000 of the garden city population live in flats.

Besides these flats and villas are the cottages, built under a unique Swedish system for people whose income is between £160 and £325. The city gives a loan of 90 per cent. of the building cost—not in money, but in material, drainage and plumbing, which is supplied as and when it is wanted. The remaining 10 per cent. is labour cost usually put in by the owner and his family. The owner has seven types to choose from, each consisting of 2 to 4 rooms and a kitchen. Having chosen his type and his plot he pays £15 for legal costs and orders his material, which is delivered as and when it is wanted. All plumbing is done by the municipality, and one engineer for every 50 people is employed to teach them how to build the cottage. Officials inspect the work twice a month, and garden architects advise on the layout of the garden. The work proceeds in the spring and summer evenings and weekends (the family often living in a tent), and friends come along and help. The family usually moves in during October, and begins on the painting and decoration. By the following June officials approve it, and then the owner starts paying back the loan over a period of years at the rate of £43 to £62 per annum (which is the rent of a one or two-roomed flat in Stockholm). A cottage costs between £545 and £650. They are all sectional wooden buildings with strong concrete bases and usually a

balcony approach. They are equipped with the standardized stainless steel kitchen, and a cemented cellar with a workshop or garage, a combined wash-house and bathroom, w.c., food cellars and heating and hot-water boiler. Model cottages with furniture that can be bought through the department are on show in Stockholm. Since 1927, 2500 of these wooden houses have been built. In 1937, 400 cottages were built, making a total since 1927 of 2500, housing about 10,000 people.

Allotment gardens with week-end summer-house attached have been a vogue for many decades, and permanent allotment gardens now form an important feature of town planning. Loans and subsidies for these allotments are provided from municipal and private sources. Since 1911 the municipality of Stockholm provides garden colony allotments at the rental of 17s. a year, and there are now 4344 allotments comprising 383 acres. There is room on these allotments for week-end and summer cabins: the municipality provides loans and supplies plans for these cabins, which cost from £45 to £56 to build, manages an experimental garden where seeds can be bought cheaply, and regulates the layout of the allotments.

PUBLIC HEALTH

The magnificent physique of Swedish people is common knowledge; they are on the average at least two inches taller and correspondingly broader than English people. Their physical surroundings and the outdoor exercises and Swedish drill they take are conducive to this. Their exceedingly low birth-rate may be largely due to inadequate and costly housing, but their infantile mortality rate is low—61 per 1000 for males and 47 for females in 1930-2. The death-rate from tuberculosis is about a third of what it was thirty years ago; in 1915 it was 1.94 per 1000 deaths, and in 1934 1.0 per 1000. It is, however, increasingly prevalent in the north, where the death-rate is 2.20 per 1000 as against 0.63 per 1000 in Central Sweden. This is largely due to the malnutrition and bad housing in the north. Cancer and rheumatism both account for a great deal of disease, and, while syphilis is disappearing, other venereal diseases are as bad as ever.

Public Health Authorities—The central administrative department for public health is the Medical Board, which is

assisted by a scientific council representing all branches of medicine, pharmacy, and veterinary science. The local authorities are the 24 County Councils, which are responsible for general and special hospitals, and appoint midwifery boards: the 317 provincial medical officers' districts, the 38 assistant provincial medical officers' districts, and the 2,500 communes with their Child Welfare Boards, and the Boards of Health which supervise factory and workshop regulation.

Another State Board dealing with Public Health is the Royal Pensions Board which, in order to economise on invalidity pensions, has helped in preventive and curative treatment by running sanatoria itself and making financial arrangements with hospitals, sanatoria and trade schools for the treatment and training of rheumatic, tuberculous and other lengthy cases.

There are innumerable voluntary organizations which undertake home nursing, run convalescent homes, clinics, sanatoria, with and without public funds. By far the most important of these is the Red Cross, which runs a hospital, sanatoria, maternity homes and children's homes, trains nurses, provides home helps and generally supplements the nation's health services.

Hospitals and Sanatoria

Nearly all general hospitals are the responsibility of the County Councils or independent communes and receive no State subsidy,¹ while special hospitals (for tuberculosis, infectious diseases, etc.) are under the County Councils and receive a subsidy from the State. Mental hospitals are, generally speaking, under the direct control of the Medical Board. There are a few voluntary hospitals, but in every case they receive a municipal or State subsidy. All hospitals are Government inspected and their building plans have to be approved by the Medical Board.

Mental Hospitals—The care and treatment of the mentally diseased in Sweden is outstandingly good: there is a large number of voluntary patients and the percentage of cures is high. There are roughly 20,000 mental hospital cases; the State has provided for 16,000 of them and is building two more hospitals to accommodate the remainder. In practice the

¹ Quite recently a law was passed giving grants to general hospitals for maternity beds, and there is a suggestion that the same grant should be made for children's hospitals.

State runs all mental hospitals except in Malmö, Göteborg and Stockholm, which have their own mental hospitals subsidized by the State.

The State has recently decided to give grants to the County Councils and large towns for the organization and maintenance of homes for cases of mild insanity. The cost of treatment of mentally diseased persons entitled to poor relief is partly defrayed by the local commune. There are also private mental homes registered and inspected by the State. In many cases the care of the mentally diseased is arranged by boarding out in families.

The State mental hospitals are well equipped and adequately staffed. The average fees are from 1s. 4d. to 5s. a day according to means.¹

General Hospitals—In 1933 there were 94 hospitals (with at least 25 beds) with 18,637 beds, and 78 cottage hospitals (maximum 24 beds) with 1464 beds. About 31 per cent. of the total cost is recovered in patients' fees. The usual fees in public wards, which cover maintenance and free medical services and operations, range from 1s. to 2s. 6d. a day; out-county patients are sometimes charged double this rate. Patients in private wards and private rooms pay from 5s. to 12s. 6d. a day, and sometimes an additional fee for operations. The actual running costs average 6s. to 8s. a day.

These hospitals are administered by local voluntary committees appointed by the County Council. In Stockholm all

¹ The Beckombergo Mental Hospital of Stockholm, built in 1930-3 at a cost of £850,000, on an excellent site, with large gardens, consists of seven buildings with wards for 1 to 10 patients. It was built to accommodate 1604 patients, but in August 1937 had 1750. Sixty-five per cent. of the patients go in voluntarily, and 35 per cent. recover. The charges are 10s. a day for single rooms, 5s. for double, and 2s. 6d. per day for the other wards if the patient can afford it. Patients can be certified by one doctor and one relative, and are under observation for one month before being finally accepted. The Board of Health Inspector decides when a patient should be discharged.

The hospital equipment is very modern: there is provision for gymnasium, tennis, badminton and other games, and for entertainments. The food is excellent and prepared in a central kitchen, but the staff and private patients get slightly better food. Wherever possible patients are persuaded to choose some occupation (the favourites are gardening and weaving, though others do bookbinding, tailoring, laundry work, etc.). Violent patients are given material to tear up for pillow stuffing. The staff numbers 700, and includes 11 doctors, 100 male and 360 female nurses (There are an equal number of male and female patients.) The nurses work a 9½-hour day, excluding 1½ hours for meals, and have every fourth day free.

(except epidemic) hospitals are administered by a Central Hospital Board which appoints the medical and nursing staffs and makes general rules regarding quantity of food, etc., for all the hospitals under its jurisdiction.

Hospital buildings and equipment, though not of so high a standard as our best, are of a good general level. The medical equipment, particularly radiological, is very good, and mostly modelled on the German. Many of the medical staffs have studied in Germany.¹ All the medical work is done by assistants who are fully qualified doctors, mostly young, who live in the hospital and cannot practise privately, and by the senior medical staff who can live out and engage in private practice. The nursing staff is much smaller than ours, and much of the ancillary work like bedmaking, washing and feeding of patients and minor dressings is done by domestic workers.² It must,

¹ Here I might describe one general hospital I visited in Stockholm, which is fairly representative. This was a general hospital with 850 beds. Its staff consists of a hospital director (who need not be a doctor) elected for five years by the Town Council, a medical superintendent, a matron and a steward. There are 5 departments: general surgical, general medical, general tuberculosis, surgical tuberculosis, venereal disease. There are 10 principal doctors who are allowed to engage in private practice and to live out. The 30 to 40 assistants are young, fully qualified doctors who live in the hospital and are not allowed to practise privately. There are 60 fully qualified nurses and 300 domestic workers; most of the nurses live in and are quite content to do so.

I was shown a typical "section" of the hospital, which consisted of 31 patients in two wards of 5, one of 8, one of 11, and two single rooms for bad cases. For this there was a staff of 1 sister, 1 assistant nurse, 7 domestics: during the night the nursing staff consists of one head nurse for 140 beds and one probationary nurse for each of the 5 departments. In addition ambulatory nurses are employed for relief work when the nurses take their one day a week holiday.

Patients can have visitors four times a week from 2 to 3 p.m. All patients wear hospital clothes. Out-patients pay 2s. for the first five visits and then 1s. a visit. There is a special diet kitchen, and each department fixes its own dietary.

There are no visiting specialists.

² In the Vasterås county hospital a general ward of 30 beds and a private ward of 17 beds each had a staff of 1 sister, 1 assistant and 2 probationer nurses and 2 domestic assistants.

In the Vårdhemmet Stuseby Municipal Hospital for incurables there are 1 sister and 1 assistant nurse and 18 domestic workers in charge of 42 beds. At the Simon and Matilda Sachs Memorial Hospital for Children, which is said to be the most highly staffed hospital in Sweden, there is 1 sister, 1 assistant and 7 probationer nurses and 1 ward maid on each floor in charge of 27 children. (50 per cent. of these children are under 1 year, and many of the wards are glass cubicles, which necessitate extra staffing.)

The Director of the Medical Board stated that the average ward in a Swedish hospital contains 26 beds and now has 2 nurses and 1 night nurse, whereas previously it had 1 nurse only.

however, be stated that the tone of the hospitals is good, patients seem very comfortable, and there is no evidence of neglect and a complete absence of unnecessary fuss; also that the nurses are of a very high grade and that domestic work in Sweden is made a definite profession, recruiting a very good type. The kitchens and laundries are well equipped and the dietary adequate and attractive.

Out-patient departments are well equipped with excellent waiting-rooms and private cubicles for examinations.

Hospitals for Infectious Diseases—There were in 1934 153 infectious disease hospitals with 6505 beds. To these hospitals, which are managed by the provincial authorities, the State gives a building subsidy up to £125 per bed but not more than half the cost incurred, and a maintenance subsidy of 2s. a day for each patient. Treatment is free to the patient, and compensation is sometimes paid to people who are disease carriers and therefore prevented from working. Vaccination against smallpox is free and compulsory. There are fifteen notifiable diseases, but these do not include whooping cough or measles, which causes a bigger death-rate than scarlet fever.

Venereal Disease—Since 1918 notification of venereal disease and of contacts is compulsory. Treatment is compulsory and free at hospitals and public clinics, or by doctors when clinics are not available. Those who evade treatment or expose others to the risk of infection are liable to imprisonment.¹ There are three "Welander Homes" in Sweden for the treatment of children with congenital syphilis. These homes (like those in other parts of Scandinavia) are private institutions with large funds and have succeeded in completely curing over 80 per cent. of their patients.

Tuberculosis Institutions—These are mostly municipally and provincially directed, but get a State subsidy up to 2s. 6d. per day in the north and 1s. 6d. in the south: the subsidy is granted on condition that the fee per bed in a general ward

¹ Statistics published in *Social Work and Legislation in Sweden* show a distinct decline in both gonorrhoea and syphilis: the latter was 5823 cases in 1919, 912 in 1926, and 1168 in 1927; the former, 20,741 in 1919 and 12,439 in 1927. Expenditure incurred by the State was £42,450 in 1920 and £28,700 in 1927. In contradiction to these statistics the medical opinions given me when I was in Sweden were that syphilis is fast disappearing, but gonorrhoea (which two Swedish administrators independently remarked "increases always with the standard of living") is as bad as ever.

does not exceed these amounts by more than 3d. Prophylactic work is mainly done by the 200 odd local dispensaries which are maintained by the County Councils and communes with a subsidy from the State.

Cancer—There are three centres for radiological treatment, Stockholm, Lund and Göteborg, and patients are taken in the surgical wards of all general hospitals. Research is well endowed and carried out at the Cancer Association Radium Home in Stockholm.

Orthopaedic Hospitals—Excellent orthopaedic work is carried out by four voluntary State-aided institutions (which are combined hospitals and trade schools) and by local clinics and polyclinics. All the medical treatment and industrial training of cripples is co-ordinated through a central council (Svenska Vanförestalternas Centralkommittee). The four institutions, though privately owned, are almost entirely financed from public sources. The trade school courses are usually 3 to 4 year courses, for which the State pays 2s. 3d. of the cost and the patients or municipality pay 1s. 3d. About 125 persons leave annually, having learnt a trade. About twice as many as are trained at orthopaedic institutions are apprenticed by the Royal Pensions Board and other public funds to local tradesmen. State subsidies for cripples amount to £60,850 a year. The State and provincial subsidies for persons without means amounts to 2s. 2d. a day for treatment in clinics, £250 per annum for each polyclinic, 2s. a day for maintenance in a home, and £2 14s. per month for training in an educational institution (or £1 1s. if receiving only partial board).

Inebriates—There has been, since the middle of the nineteenth century, a very strong temperance movement in Sweden.¹ Each commune appoints a "Temperance Board" to act as a probationary authority for such intemperate people as (according to the Act of 1931) have been convicted for drunkenness three or more times during the previous two years and are indigent or neglectful of their social obligations or have become a "nuisance." If the probationary efforts fail, the offender may be interned in an inebriate's home. There are 9 public and private homes which in 1933 cost the State £37,550 and

¹ See Appendix I.

the provinces and communes £18,500. The number of convictions for drunkenness was reduced from 31,000 in 1931 to 30,500 in 1936.

Epileptics—There are 8 private institutions with 680 beds which are State aided to the extent of £12,925 in 1923. The provision for dealing with epileptics is badly organized; vicious epileptics are sent to the workhouse, and children who are normal epileptics and those who are epileptic imbeciles go to the same educational institutions.

Homes for Incurables—The State pays a subsidy of 90 öre per day per patient, provided that the fee for treatment is not more than 1s. 6d. per day; also half the cost for building expenses up to £75 per bed.

The Medical Profession

Doctors—There are 3000 doctors in Sweden, most of whom are in the employ of the State or municipality. Their training is very thorough, the minimum being a nine years' course after matriculation. They may be divided roughly into three groups, the medical officers of health, the doctors attached to the State and municipal hospitals and institutions, and the general practitioners. In the rural districts (where 4 million of the population live) the general practitioners receive salaries from the State of £500 to £600 a year; in addition to which they are allowed to charge patients a fee of 1s. to 3s. a consultation and 3s. to 5s. a visit, which brings their total income to about £1000 a year.¹ In the towns doctors are largely private practitioners, though this will probably be altered by the present Parliament.

Nurses—The country is not unique in that it suffers from a shortage of nurses. There are 20 training schools for nurses; there is also a special training school run by the Medical Board from which 80 nurses qualify every year. The legal minimum course is two years, but the majority take a three years' course. The Red Cross, which has its own training school, has 2000 qualified nurses.

¹ 1933. A State subsidy of three-fifths of the medical fee, plus travelling expenses, is paid on behalf of patients in rural districts whose income is not more than £100 p a. and who do not own or rent a farm of the taxable value of more than £500. A State subsidy is also paid for attendance on members and servants of the family.

Visiting nurses are appointed by various bodies—churches, communes, local boards of health, etc., but the Medical Board supervises all “district” nursing services. There are at present only 700 district nurses for rural areas, just half the number which the Medical Board considers necessary. For the last fifteen years these nurses have undertaken the care of the sick in their homes, maternity and child welfare clinics and prenatal care. Their minimum salary of £90 a year plus laundry and lodging, and in the sparsely populated northern districts they are given free transport—either cars or bicycles. It has been decided to have grant-aided district nurses in most towns also, but this measure is held up for the largest towns until there are sufficient in the rural areas, otherwise the wealthy towns would take all the best nurses. District nurses have to take a special course of 6-12 months at the State School for Training District Nurses, after having completed the ordinary nursing course. Their curriculum includes nutrition and housewifery, medical law, sociology and social legislation as well as ordinary nursing subjects. The State pays the entire cost of this, and the student receives a State scholarship of £25.

(In 1932 the Medical Board commenced a ten-year programme which includes the averaging out of public health districts and the creation of 200 additional districts so that each district should average 8000 population in charge of a medical officer of health with three district nurses working under him.)

The average working day of nurses is at present 10-11 hours, with one out of every 5 or 6 days free and one month's holiday in the year. The Medical Board has decided on an ultimate 9-hour day and 54-hour week, which already operates in some hospitals. Nurses in hospitals have more patients to look after than in England, but they are relieved of all domestic jobs. They often used to live in the wards in cubicles which are now used for isolation purposes: now they live in well-appointed nurses' homes, and an increasing number live outside the hospital.

A Nurses' Trade Union was established in 1934: this now has a membership of 5000, but it is not yet affiliated to the Trades Union Centre.

Midwives—There are 88 municipal midwives, each allotted a certain district, and the service will be gradually organized into 1600 midwifery districts. In every county there is a Midwifery Board appointed by the County Council with the county medical officer as chairman. The cost of salaries, housing, etc., is borne by the State, the County Council and the commune concerned. In addition to this fixed salary the midwife is entitled to a small fee for each confinement and consultation at a rate fixed by the local midwifery board. Midwives are trained at the two State institutes at Stockholm and Göteborg. The course is 2 years, and each midwife has a fortnight's refresher course every 10 years.

Dentists—There is a proposal before Parliament to create dental treatment districts for the whole country, each district having its own municipal polyclinics under State control and with State grants for the treatment of children and adults by salaried dentists. The Medical Board has already set up four such districts where children's teeth are treated for 2s. per annum and adults are charged at low fixed rates.

There is a State Dental Institute for training dentists. In 1935-6 there were 1975 certified dentists in practice, and the number increases at the rate of 150 annually. A school dental service exists in about half the towns and in a few communes. This work is carried out by 450 school dentists who usually receive a fixed salary. In Stockholm all elementary school children receive free dental treatment at the cost of about £15,000 per annum. There are also clinics attached to the State Dental Institute, and an Eastman clinic was opened in 1936 with an endowment of one million dollars for dental treatment primarily for children below school age. The Red Cross runs travelling dental clinics and a dental surgery car, with a grant from the Pensions Insurance Fund.

Pharmacists—Pharmacies in Sweden are "livings" conferred by the Government on the best qualified applicants: the holder must retire at 67 with a pension of £300 a year. Pharmacies are inspected annually and the prices of medicines are fixed by Government tariff published annually. All pharmacists must be qualified. Dangerous poisons can only be sold by apothecaries, who have to take an additional three-year course after having qualified as pharmacists.

Maternity and Child Welfare

There are 60 infant welfare clinics receiving grants from local authorities, and from June 1938 these will receive State support also. There is a State salaried service of midwives who also receive small fees from patients. A maternity allowance is given where a woman's income (or the joint income if the woman is married) is less than £150 a year. Only 8 per cent. of all mothers are therefore unqualified to receive this relief.

In Stockholm there is an Infants' Hospital run on similar lines to model French hospitals for babies, where careful isolation nursing is carried out, and where wet nurses are employed for some cases. The Red Cross runs 50 maternity homes in places remote from hospital accommodation, and also supplies home helps.

Child Welfare—The administration of child welfare is in the hands of communal Child Welfare Boards, the cost of which is borne by the communes with subsidies from the State and provincial administrative departments. Each commune has its Board, which must have on it a member of the Board of Guardians, a teacher and a clergyman, and two other persons, usually a doctor and a lawyer. One of the committee must be a woman.

This committee deals with all juveniles, whether delinquent or not. All children who are orphans automatically come under the Child Welfare Board—even if boarded out through the relatives they must go through the Child Welfare Committee. This Board builds children's homes, employs nurses to inspect homes of foster parents. Placing of children is done through the vocational schools.

Necessitous children under 16 are given public assistance, and either boarded out in private families or placed in children's homes. Sick children go to an infirmary on the consent of their parents. If children are neglected or vicious the provincial governor decides where they shall go. There are State reformatories but no children's courts. In addition to the 34 homes of the Borstal type there are special homes for vicious juveniles. The Child Welfare Board can claim refunds from parents up to £50 per annum.

Children's homes vary considerably and are run by the

commune, the County Council and by voluntary effort. In some the children pay up to £1 a month, and in the case of girls from 16-20 earning their own living, £3 a month: others are free.

Illegitimate children can be given some of the rights of legitimate ones, and if born when the parents were engaged are entitled to the same rights as a matter of course. Every illegitimate child has a person appointed to look after its welfare in addition to the mother. The law of adoption only allows persons over 25 to adopt a child, and married couples with children of their own are not allowed to adopt except for very particular reasons.

No payment can be made for adoption, but the natural parents can pay for the child's upbringing and education through the Child Welfare Board.

The School Medical Service is not a uniform service. In the new schools in Stockholm there are excellently equipped dental clinics and medical inspection rooms, and in one secondary school there I was told that the doctor attended twice a week and that every child was medically examined twice a year. In the primary schools of Vasterås each child is medically inspected once a year, the parent paying 2s. and the State 7s. for each inspection. But the Director of the Medical Board stated that only 50 per cent. of the children in the rural districts (two-thirds of the population live in rural areas) are under medical inspection. There is a proposition that the State and the County Council each make a grant of 1s. to the doctor for each child examined.

In Stockholm there are special open-air classes for tuberculous children and special classes for mentally backward children. The education of the blind is undertaken in three State schools, to which the provinces contribute £20 per annum for each child. For the deaf and dumb the State provides two small kindergarten, seven district schools, an agricultural and two handicraft schools for boys who have left the district schools: there is also a private continuation school for girls which receives a State subsidy. For mental defectives the State subsidizes industrial homes, special asylums and two educational institutions for vicious cases. It also boards out some children in private families. The State pays a

subsidy of £13 to £23 per annum for each child in an industrial home, and £18 to £23 in special asylums.

Inspection of Factories

The enforcement of factory and workshop regulations is under the supervision and control of the Social Board and of the 2500 odd Boards of Health of the various communes. The scope of this protective legislation is similar to that in England. In Sweden workers under 18 are restricted to employment which could not be considered harmful, either physically or morally: they must be medically examined before entering an industry and once a year afterwards: a yearly record is kept of height, weight, etc. (There are about 100 of these medical officers—appointed by the provincial governors.) They must have leave of absence for continued education, and those under 16 must not work between the hours of 7 p.m. and 6 a.m. Women's work is subject to special restrictions as regards dangerous trades and night work, and a nursing mother must be allowed such time off as is necessary. An 8-hour day and a 48-hour week were introduced in 1919, subject to many modifications which are controlled by the Labour Council—a unique body consisting of seven members appointed by the Social Board. Two members of the Council are nominated by organized labour, two by the organized employers, while the remaining three, from whom the chairman and vice-chairman are drawn and of whom one is a judge, must be disinterested.

The State has hitherto employed 9 factory inspectors and 11 assistants, a woman factory inspector and 2 women assistants, 18 sub-inspectors and 10 clerks. The country is divided into 9 districts, each under a factory inspector with one or two assistants, one or two sub-inspectors and one clerk. The woman factory inspector with her two assistants and one clerk covers the whole country.¹ There are in addition a number of special inspectors, one for the housing of forest and timber floating workers, others for mines, explosives, railways, etc. The factory inspectors supervise the work of the local boards of health, and the workers have a right to choose local deputies who co-operate with the factory in-

¹ The present Parliament has decided to increase this staff.

spectors. There is also a voluntary Society for the Protection of Workers, founded in 1905, of private individuals and industrial undertakings to promote interest in safety devices and factory and workshop hygiene : it receives a small Government grant.

The qualifications necessary to become a factory inspector are an equivalent of graduation from a technical college, eight years' suitable practical experience including acting as an assistant inspector for part of the time. Sub-inspectors must have a theoretical training in applied mechanics and practical knowledge of machinery. They are usually engineers or persons having had experience in engineering workshops. This inspectorate is completely divorced from the medical profession, but there is a committee now sitting to consider the question of appointing medical men as factory inspectors.

PUBLIC ASSISTANCE

The history of poor law administration in Sweden has been very much like that of England, passing from the monasteries on their dissolution to the compulsory relief of the poor by the parishes. It has the same features as the English system in the boarding out of some children, and children's homes for others, the treatment of the sick and care of the aged, once under the same authority, now being dealt with separately; and in Stockholm as in London, the replacement of some of the voluntary workers by paid officials. But Boards of Guardians still exist in Sweden. There are, in addition, the same voluntary, social and charity societies and institutions, from the Salvation Army and other Church associations to the "ancient orders" and Old Comrades associations—even the Charity Organization Society. Their extent is greater in Sweden, and some of them receive public funds.

Outdoor Relief—Poor relief is administered by the local commune, through its Board of Guardians, supervised by the Provincial Governors and the State Inspectors of Poor Relief and Child Welfare belonging to the Ministry of Social Affairs. The cost of poor relief is met by the commune with a small grant from the province and State, and a refund from the County Council of most of the cost for the care of the sick poor. The Board of Guardians, which is bound to give relief

in cases of destitution, fixes the form and amount of relief. Outdoor relief is usually given. Compulsory relief is recoverable from the applicant wherever possible, and by the commune in which the recipient is found, from the commune to which he is attached by settlement and census regulation. Additional "voluntary" relief can be granted but is not recoverable. In 1935 the average sum given to adults was £2 4s. per head per month. Monetary help is given in some cases for vocational training, tools, dental treatment, etc. Guardians may pay fees for the care of the poor in special institutions, *e.g.* asylums, hospitals, sanatoria, etc.

Homes for the Aged—Aged people are well cared for in Sweden. There are homes for old people in most parts of Sweden subsidized by municipal and voluntary funds, where old people can rent bed-sitting rooms at low rentals. Some of these are block dwellings consisting of bed-sitting rooms with completely equipped pantries attached, with common recreation and dining-rooms, lifts, sun balconies and a nurse as well as porters in charge.

There are other homes where those who can, pay a small amount and the others live free, and where they receive part of their Old Age Pensions (5s. a week) and 1s. a week for tea or coffee. In many of these places there are few restrictions, they are free to come and go as they like during the day, to go on holidays for periods and have their places kept for them, and to have their own ornaments and bits of furniture in their bed-sitting rooms: wireless is usually provided in every room, and often free use of telephone. Where they can manage it they usually do the light work and are often helped with their hobbies. There is usually a communal dining-room with small tables, and a recreation room. In one of the country houses special electrically warmed cushions are provided for the beds of those who suffer with rheumatism. There are sometimes special homes for married couples.

There are also towns where the old people live a more institutional life, the healthy ones living in one part, sometimes in dormitories for 3 and 4 persons, and the bedridden in another part of the institution in wards of 8-12 people. In these places they often get a few pence a week pocket money, and extra for helping with domestic work.

CONCLUSION

It will be understood that the social services in Sweden are unevenly distributed, and much remains to be done before the whole system is brought up to the same high level. But the Government is composed of relatively young people who are working with sanity and keenness to bridge the gaps, and there is little doubt that in a very few years Sweden will possess one of the finest social administrations in Europe.

SOURCES

This chapter is based largely on interviews in Sweden. The following published sources are available in English :

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16. POPULATION POLICY

By D. V. GLASS

To obtain a correct view of the population trend of a country we need to know two facts. First, how many children does each woman bear during her lifetime? Secondly, how many of these children will survive to take the place of their parents in the next generation? To simplify the problem we may look at it in terms of women only, and the question then becomes: By how many women in the next generation is each woman now passing through the child-bearing ages replacing herself? If each woman is replacing herself by exactly one woman in the succeeding generation, and if this continues, the population will eventually become steady at a given level. If each woman replaces herself by more than one woman in the next generation, the population will grow; and if the replacement is by less than one woman, the population will eventually decrease.

THE FUTURE OF SWEDISH POPULATION

Applying this analysis to Swedish statistics, we find that, according to the conditions of fertility in 1932-33, each woman was bearing 1.7 children during her lifetime. Since just under 50 per cent. of all live births were female, this amounts to only about 0.8 girl children for each woman, so that even if none of these girl children died before they passed through the child-bearing ages, each woman would still be less than replacing herself in the next generation. If deaths are taken into account, the replacement rate falls from 0.8 to 0.746, or, in terms of children, each woman was bearing 1.7 children instead of the 2.3 needed for adequate replacement. A replacement rate of 0.746 means that the population will eventually fall by about 25 per cent. in each generation (a generation being roughly thirty years in Sweden), at which rate it would be reduced to about 14 per cent. of its present size in two centuries.

To show exactly what may happen in the near future, calculations have been made by Professor Gunnar Myrdal and Professor Sven Wicksell, on the basis of three sets of assumptions.¹ The first is that fertility will continue at the 1933 level, both for married and unmarried women. The second assumes the same levels of legitimate and illegitimate fertility, but visualizes a 25 per cent. increase in marriage. The third estimate assumes that fertility continues to fall at a rate similar to that in recent times, but that this fall ceases by 1980. The assumed fall varies from 70 per cent. in the case of women aged 35 to 40 years, to no fall for women aged 15 to 20. The former decrease may appear so large as to be absurd, but it is, in fact, only in keeping with the rate of decline actually experienced over the past fifty years. The computations made on the basis of these assumptions are shown in Table 1.

TABLE 1
THE POPULATION OF SWEDEN (IN MILLIONS) ON 31ST
DECEMBER OF EACH YEAR, FROM 1935 TO 1985, COMPUTED
ACCORDING TO THREE HYPOTHESES.

Year	Hypothesis		
	I	II	III
1935	6.249	6.249	6.249
1940	6.331	6.349	6.276
1945	6.387	6.441	6.251
1950	6.408	6.500	6.178
1955	6.383	6.510	6.054
1960	6.309	6.472	5.878
1965	6.192	6.393	5.653
1970	6.040	6.286	5.389
1975	5.857	6.153	5.087
1980	5.647	5.994	4.753
1985	5.413	5.812	4.397

The table shows quite clearly that even on the most pessimistic assumption the population continues to grow for some

¹ Utsikerna i fråga om den framtida befolkningsutvecklingen i Sverige (*Betänkande i Sexualfrågan*, Bilaga 8).

time. It also shows that the full rate of decline does not make itself felt by the end of the period for which computations were made. On the third hypothesis the replacement rate would have fallen to about 0.5 by 1985, signifying an eventual decline of 50 per cent. in each generation. One can assume roughly that it takes sixty years for the eventual rate of decline to make itself felt—sixty years, that is, after the replacement rate has reached the level estimated above—so that the fall of 50 per cent. per generation would probably not be seen until about the year 2045. A further point, not shown in the table, is that the age composition of the population changes considerably with the fall in the numbers. Taking the age group 20 to 65 years as the active section which has to support the rest of the population, in 1985 this section would constitute 59 per cent. according to the first hypothesis, 58 per cent. according to the second and 61 per cent. according to the third. Since in 1935 the proportion was in fact 60 per cent., the change by 1985 does not appear to give cause for worry. In fact, the position, according to the third hypothesis, is slightly better, from the point of view of the possible standard of life, than in 1935. But 1985 is only at the beginning of the change, the end results of which might be very serious. If the fertility of the third estimate persisted, the population would eventually consist of nearly 30 per cent. of persons aged 65 years and over, and about 58 per cent. of those aged 20 to 65 years. The active section of the population would also, of course, be much older, on the average, than in 1935. Rather more than half of them would be above 45 years of age. It is clear that such an age composition would have marked repercussions both on the national income necessary to provide for the aged, and upon the community's ability to provide it. At the same time there would be a very much smaller proportion of children to support (only about 8 per cent. of the population would consist of persons aged 0 to 15 years), and this would have to be taken into account in estimating the net balance of advantages or disadvantages accruing from the changed age composition associated with the decline in numbers. The change in the age composition would also produce a great difference in the kind of goods and services demanded in the country—an aged population is

more likely to want rugs, slippers and bath-chairs than toys, perambulators and cradles—but here again we cannot say whether or not this would produce a harmful result until we know the rapidity with which the change in demand occurs in relation to the community's ability to make the change-over.

Finally, we must reckon with the effects of the fall in the size of the population. If the replacement rate of 1934 persists, the Swedish population will fall to under 700,000 by the year 2200. The rate implied by the third estimate would result in a population of about 100,000 by the year 2200 if fertility continued unchanged. It is easy to see that, quite apart from the problems created by a changed age composition, the fall in numbers would by itself cause considerable difficulties. In the first place, the rapidity of the decline would make it impossible for the standard of life to move upwards at a compensating rate, and in that case the total demand for commodities would probably fall off. At the same time the demand for individual commodities would certainly decrease quickly, probably so quickly that machines and factories would become worthless long before they were physically worn out. Adequate economic planning—particularly if the means of production were owned by the community—might well be able to minimize these difficulties, but it is doubtful if it could wholly prevent their effects from being felt. Moreover, there is probably a population size below which it is impossible to make full use of the advantages of large-scale production. What that size is we do not know, and in any case it would vary with the kind of industrial technique in use in the community. But it is unlikely that mass-production methods would be fully applicable to a population of less than half a million, and if this is the case the general standard of living of the people would suffer considerable damage. Apart from the economic consequences there are also the possible social changes which should be taken into account—the effect of an elderly population upon social policy, upon cultural progress, and so forth—though these are a matter for pure speculation.

“CRISIS IN THE POPULATION QUESTION”

Naturally, we should not attribute too much importance to estimates of the future population of Sweden, or of any other

country. These estimates are merely statistical exercises, designed to show the results of the persistence of a certain level or of a certain trend of fertility, and though the results are perfectly logical, given the validity of the basic assumptions, we have, of course, no means of knowing whether the assumptions concerning fertility are likely to be proved false in the future. If war remains as an ever-present menace, this may so dishearten people as to produce a fall in fertility even more rapid than that assumed by the most pessimistic hypothesis. On the other hand, it is possible that, once the fall in population has begun, anxiety as to the future of the country would cause a spontaneous rise in fertility sufficient to check the decline in numbers. Of one fact, however, we may be certain. Short of a miracle, nothing can now prevent *some* decline in the population of Sweden. Even if there is a considerable rise in fertility in the near future, it is extremely unlikely to be large enough to counterbalance the diminution of numbers which will occur when people who are at present in the prime of life pass into the older age groups and begin to die off. How big the decline will be depends upon what, subsequently, is the trend of fertility, but if the fall in numbers is finally to be stopped, fertility must increase by about 35 per cent. above its present level, *no matter at what size it is intended to stabilize the population*. It is essential to realize this fact, because people too often speak as if present low fertility merely implies some fall in numbers, the population eventually becoming steady at a lower level. This view is quite incorrect. Present fertility implies a continuous fall in the population, and there is nothing in the mechanism to put a check on this fall. It is not a question of the number of births which occur each year, but of the average number of children born to each woman in her lifetime. If this average is below the number required by existing mortality and the sex ratio at birth, and if it continues to be below, the population will fall unchecked, although it may be maintained temporarily by immigration.

The situation described above is not peculiar to Sweden. Practically every country in the Western world is facing a similar population problem, and it is important to remember this when discussing the causes of the decline in fertility and

the likelihood that the trend will change spontaneously. If present low fertility is just a passing fashion, then it is a fashion which has swept over Western and Central Europe, the United States and a large part of the British Empire. Moreover, it is not the product of a few years, but a tendency which began making itself felt in the 'seventies and 'eighties of the last century. In spite of reductions in mortality, the fall in Swedish replacement rates since 1881-90 amounts to nearly 50 per cent. Or, in terms of children, each woman in Sweden is today bearing 60 per cent. fewer children than her grandmother was fifty years ago. This situation is to be found in practically every part of Sweden. Of the 49 administrative units (25 urban and 24 rural) of which Sweden is composed, only 5 rural districts had a replacement rate of 1.0 or over in 1930/31, and in 2 of these 5 cases it is doubtful if the rates were really as high as the approximate figures appeared to show.

To estimate the various factors responsible for this change is impossible at the moment. Population study in the past—what little there was of it—was not concerned with the decline of fertility. On the contrary, the important problem, as it was then seen, was the pressure of numbers on the means of subsistence, and the decline was generally welcomed as being the only effective method of raising the standard of living of the working class. So when opinion became newly instructed and people began to realize the changed significance of the population problem, the field of inquiry was found practically untouched. In most countries this is still the case. Sweden, however, is an exception and has a Royal Commission exploring not only the field of pure population analysis, but also numerous other realms which may be directly or indirectly connected with it.

Undoubtedly the indirect reason for appointing the Commission was the spread of knowledge concerning the probable decline of Swedish population. But the direct cause was a book by Gunnar and Alva Myrdal, *Crisis in the Population Question*, published at the end of 1934. As a writer in the Anglo-Swedish review described it, this book dropped a bomb-shell among the thinking public of Sweden. And apparently the thinking public of Sweden is much larger, proportionately,

than that in England, for so far the book has sold 16,000 copies,¹ equivalent to a sale of over 100,000 here—a figure rarely reached even by popular novels. The book explained the significance of recent trends of fertility, discussed the possible consequences of a fall in the population, and examined, in the light of existing knowledge, the reasons for the present low fertility. In short, it provided a factual basis for discussion of the whole question, and the Riksdag was soon besieged with motions for the establishment of a Royal Commission on population, set up eventually in May 1935. Experts from all the related fields were co-opted—it is a Swedish tradition that experts should play a leading role in the government of the country—and so far more than a dozen reports have been issued, including a bulky general *Report on the Sexual Question*. Here again the marked public interest is shown, for the general report, a volume of 452 pages, is already out of print although it was not published till the end of 1936, and a less detailed summary of this report, published for general consumption by a private firm, is now being sold.² It is largely on the basis of the various reports, together with interviews with the experts concerned in drafting them, that the rest of this chapter has been written.

MARRIAGE AND STERILITY

When, in an earlier paragraph, it was said that we know almost nothing about the factors responsible for the inadequate fertility of the present time, this referred to the broad sociological factors. But there are two factors—marriage and physiological sterility—the importance of which we can estimate. In dealing with the importance of marriage on the level of fertility, we can begin with the statement made at the beginning of the chapter—that, according to the fertility of 1932-34, each woman was bearing 1.7 children during her lifetime. If children were born only to married women, and if all women married before they passed beyond the child-bearing age groups, this figure would also represent the number of children born to a married woman during her lifetime. But some children are born to unmarried women, and in Sweden this

¹ There have also been translations into Danish and Norwegian, but the figure mentioned is for sales in Sweden only, up to September 1937.

² *Familj och Moral*, Tidens förlag, Stockholm, 1937.

proportion is very high, being over 14 per cent. of all live births in 1934, while Swedish marriage rates are almost the lowest in Europe. These two elements are taken into account by computing illegitimate fertility rates and nuptiality tables. From these calculations we discover that of the 1.7 children born to each woman in 1932-34, only 1.47 were legitimate births. But at the same time, out of every 1000 women who start out unmarried at the age of 15, only 790 are married by the time they reach 50 years of age. So the average number of legitimate children born to each married woman, according to fertility and marriage probability in 1932-34, was $\frac{1.47}{.790}$, or 1.86. Taking

mortality and the sex ratio into account, this means a legitimate replacement rate of only 0.804 for married women. In other words, married women are not much nearer replacing themselves than women in general are. If all women married and the fertility of the newly married women were at the level of those who are now married, the general replacement rate would still be only 0.804, still some 20 per cent. below that needed to maintain the population.¹ Universal marriage would therefore have no fundamental effect on the situation. Nor can marriage be used as an important factor in explaining why fertility has fallen in the last fifty years, for marriage has been increasing in the period. In 1910-12, when the general replacement rate was 1.357 (implying an eventual increase of the population by nearly 36 per cent. in each generation), the level of marriage was such that only 767 women out of 1000 could expect to be married by the age of 50. This figure is lower than the rate found in the middle of the recent depression, for in 1932 the probability of marriage by the age of 50 was 769 out of 1000, rising to 816 out of 1000 in 1934. If we compute the fertility of married women in 1910-12, we find that each woman had on the average 3.9 children, yielding a married replacement rate of at least 1.53. So while the general replacement rate fell by 48 per cent. between 1910-12 and 1932-34, the average number of children borne by a married woman fell by about the same percentage in the period. Briefly, therefore, if there is to be

¹ If, however, we assume that married women bore, during their unmarried life, illegitimate children at the same rate as women who never married, we should have a nuptial net reproduction rate of 0.907 in 1932-34, instead of 0.804.

an appreciable increase in fertility, it must come through an increase in the number of children born to each married woman. It cannot be achieved merely through an increase in marriage.

The evidence concerning the influence of the amount of marriage on fertility is precise, but that concerning the amount of involuntary sterility is much less so. This is only to be expected because, in the first place, there is little exact information about past experience in this field, while, secondly, even today it is probable that many women who find themselves unable to have children welcome or at least accept the situation, and do not seek medical advice. Estimates should therefore be cautiously received, but noting this qualification we may accept as roughly true the result reported by the Royal Commission—that 10 per cent. of all marriages are involuntarily sterile.¹ So far as a historical comparison is concerned, it is not very likely that sterility has increased in any significant way in recent times. True, there may have been some addition due to a rise in the number of abortions, but this is probably counterbalanced by the improvements in general hygiene and particularly by the reduction in venereal disease. Certainly there is nothing in the kind of life led at the present time which is likely to produce more sterility than was to be found fifty years ago.² This factor cannot, therefore, explain the decline in fertility. But its presence does act negatively on the general replacement rate, for it concentrates the whole burden of child-bearing in marriage upon those married women who are not sterile. It was noticed that, according to present mortality, adequate general replacement is only obtained when each woman bears just over 2·3 children in her lifetime. With the illegitimacy and marriage frequency of 1934, this means that each married woman must bear, on the average, 2·5 children. And if 10 per cent. of all marriages are sterile, the remaining marriages must each yield 2·8 children.³

¹ See General Report, Bilaga 2, by Dr. Axel Westman, "Den ofrivilliga steriliteten."

² In Great Britain, fifty years ago, Dr. Matthews Duncan estimated that about one marriage in ten was involuntarily sterile. (*On Sterility in Woman*, London, 1884.) But this estimate was even less exact than the estimates made in Sweden.

³ Similar results, though worked out on rather different lines, are given by Dr. C. E. Quensel in Bilaga 9 of the General Report.

BIRTH CONTROL

If the decline in fertility is not due either to a decrease in marriage or to an increase in sterility, then it must have been brought about by birth control. But there are two points to be noted here. First, the term "birth control" does not mean only the use of modern contraceptives. Secondly, even though we do know that some form of birth prevention is the mechanical factor at work, this still does not tell us why people are using it, or why they are making more use of it now than they were formerly. Some further discussion on these points is necessary.

It is rather striking that a country which is so progressive in many other ways should be so backward in the use of modern methods of contraception. But there is no doubt that this is really the case and that the method of contraception most widely used is still *coitus interruptus* (withdrawal)—used by about 60 per cent. of the women investigated. The condom is the other commonly used device, but its frequency is less than half as important as that of the first method. In considering why this is the situation in Sweden, two factors have to be taken into account. First, until very recently birth control was not a "respectable" subject for discussion, either public or between husbands and wives. It is only in the post-war period, largely under the influence of the growing working-class movement with its drive for adult education, that this reluctance to think in realistic terms has begun to break down. In the second place, attempts to set up and popularize birth control clinics have to a considerable extent been "barracked" by local officials and by voluntary institutions. At present there are only five clinics in Sweden—of which four are municipal—and altogether these saw only 845 patients in 1934.¹

¹ From an article by Dr. Torsten Gårdlund, in *Morgonbris*, April 1937. Madame Ottesen-Jensen, President of the National Association, in an interview with her, said that her clinic sees 150 patients a month, but these include patients attending for all kinds of reasons (sterility, impotence, frigidity, menstrual difficulties, desiring abortions, etc.). The figures quoted above were given to the Royal Commission by Madame Jensen, but do not include requests for information received by post. During the interview Madame Jensen said that 40 per cent. of the women who came to her clinic believing themselves pregnant were in fact not so. This may show that a significant proportion of abortions are done unnecessarily.

Not only is this an amazingly small number, but there has been, in addition, a decline since then. In 1935 only 589 patients were seen.¹ Of these totals the four municipal clinics dealt with only 510 patients in 1934 and 249 in 1935, so that the only real force for birth control is the private clinic, run by the National Association for Sex Education. A striking example of the lack of contact between the clinics and other organizations which should be supporting them is found in the case of the Stockholm municipal clinic, located in the Sabbatsberg hospital. In the same hospital there are two clinics which in the course of their work receive every year about 1000 women who have had criminal abortions. Of these women, about 100 return again the same year after yet another abortion, which would seem to indicate the absence of a close relationship between these two clinics and the municipal birth control clinic in the same building.

How effective the use of *coitus interruptus* is in practice is not easy to tell. Apparently it has long been practised with success by the peasant families of Gotland, where the system of inheritance would have caused an undesired splitting-up of the land if parents had more than two children. But much of the apparent success may be due to a high frequency of abortion. Here again is a factor almost impossible to evaluate with any precision. Abortion is a criminal offence in Sweden,² as in nearly all other countries, and even though the women undergoing abortions are nearly always let off with a suspended sentence, they are not likely to be very anxious to volunteer information about the number of abortions they have had. Inquiries have, however, been made by various committees set up to report on the question, and it is estimated by the Royal Commission that there are between 7000 and 10,000 abortions per year, compared with about 85,000 births. But there is no general agreement on this figure. Dr. Sundqvist, an authority on the subject, suggests that 10,000 is a minimum figure; Madame Ottesen-Jensen, of the National Association for Sex Education, believes that there are not less than 50,000 a year; and Professor Gunnar Dahlberg estimates that one

¹ This excludes information given by correspondence by the private clinic. Apparently a good deal is done in this way.

² This applies to therapeutic abortion, too, though in practice doctors who perform abortions on therapeutic grounds are never prosecuted.

pregnancy in six among married women is terminated by abortion, and one in three among unmarried women, which would mean about 21,000 abortions in 1934.

REMEDIES FOR THE DECLINE

It was pointed out before that even if we do know the mechanical factors at work in reducing fertility, that does not tell us why people are making use of them. Evidently there must be some really fundamental factors at work, and in this case an attempt to raise fertility by suppressing birth control and increasing the severity with which abortion is punished would make birth prevention more surreptitious but probably not less effective. There is very little record of success in the countries which have adopted this method of trying to stem the falling birth rate. The Royal Commission realizes this clearly—in fact, its mandate categorically stated that homes which were economically badly off should not be burdened by too many children—and one of its major proposals is to make contraceptive knowledge available to everyone. It aims at making every maternal and child welfare clinic a birth control clinic as well. So far nothing has been done, and there is still in Sweden an obscenity law which can be directed against birth control propaganda though in fact this has rarely been put into practice for the purpose.¹ Sweden is, then, still behind Denmark, which has a new law, coming into force in October 1939, as a result of which public birth control clinics will be set up in every county.² However, it is hoped to put through new measures during the coming parliamentary session, and a bill for legalizing abortion on eugenic, humanitarian and medico-social grounds was passed on 18th May 1938. The present Government—probably because it is a coalition—does not intend to legalize abortion for purely economic and social reasons, but hopes to reduce the frequency of abortion by removing the causes which make women desperate enough to try any method of preventing the birth of a child. These causes it regards largely as linked up with poverty, so that in 1937 a law was passed giving free maternity care to

¹ In general it has been used only against peddlers selling contraceptives at the various markets.

² The Danish law was originally supposed to come into force on 1st April 1938.

every woman whose income was below 3000 kr. (£150) per year, together with a gift of 75 kr. for incidental expenses associated with childbirth. In addition, needy mothers are entitled to obtain sums of up to 300 kr. from the State besides regular monetary help from the Poor Law authorities. Further, laws have been passed giving women employed by the State and by local authorities the right to leave of absence on pay during childbirth, and to prevent the dismissal of women on the grounds that they have or are about to have children.¹ These changes, together with the spread of birth control knowledge, should make women less anxious to resort to abortion and more willing to allow their pregnancies to go to term, particularly as the new laws make no distinction between married and unmarried mothers.² But whether in fact that will be the result can scarcely be said in advance.

The second section of the Swedish programme consists in an attempt to encourage marriage, particularly to enable marriage to take place at an earlier age than it does now.³ To this end an Act was passed in 1937 granting marriage loans of up to 1000 kr. (£50) to be repaid within five years after marriage. But notice that the system differs from that in Germany. There are no part-cancellations of the loans on the birth of children, the loans are not free of interest—interest has to be paid at the same rate as that at which the State obtains its own loans, at present about $3\frac{1}{4}$ per cent.—and there is no obligation for the wife to stay out of paid employment. In fact, the main idea of the loans is to enable people to marry young, when their expenses are least and their ability to repay the loans highest, and to keep them out of the difficulties in which they are usually involved by the hire-purchase system. Judging from the effects in Germany, these loans are very likely to increase the amount of marriage, but there are three

¹ In practice this system now applies to an appreciable section of private enterprise. This was achieved largely by creating a strong public opinion and threatening to boycott recalcitrant firms.

² In any case the distinction is far less important in Sweden than in most other countries. It has long been customary for unmarried parents to raise families, and to be bound together not less permanently than married couples.

³ The average age at marriage in 1934 was 29·5 years for bachelors and 26·5 years for spinsters.

points to be taken into account in considering their net result. First, the increase of marriage may be due merely to the legalization of unwedded unions, of which there are many in Sweden. Secondly, they do not really increase the ability of the professional classes to marry. In Sweden the University-educated section of the population is in rather a peculiar position. Although primary education is free and secondary education very cheap, little assistance is given to students proceeding to the Universities.¹ At the end of a degree course a student often finds himself owing 10,000 kr. or more, and such an amount must be a serious barrier to early marriage. Finally, if the result of the loans is merely to increase the amount of marriage, or to lower the average age at marriage, the Act may defeat the aims of the Royal Commission. For if the age at marriage falls this will probably mean that births occur earlier in the life of the mother. This reduces the length of the reproductive generation, and the population, once it begins to fall, will fall even more rapidly than would have been the case with a higher marriage age.²

For the rest, the Swedish programme is based on the thesis enunciated by the Myrdals in their book—that what is needed to provide an atmosphere encouraging fertility is not so much a general rise of the standard of living—though this, too, is regarded as necessary—as measures aimed at reducing the *extra* costs which having children involves. Only a brief survey of these is required here, for the schemes are referred to in more detail in other chapters. They include a system of taxation more equitably graded according to the cost of family life, free meals to all school-children, the rehabilitation of needy families—for example, by setting them up on farms—and a complete reconstruction of the housing system. Of these measures, only the housing programme has so far been tackled,

¹ For a fuller account of this see Chapter 17.

² Some further explanation of this is probably necessary. It has been shown that when the replacement rate is 0.7 this will mean an eventual decline of the population by 30 per cent. in each generation. Now the length of a generation is for our purpose the mean age at which women bear children, so that if women marry earlier and have the same number of children as before, it is probable that the mean age of the women at the birth of the children will be lower than before. At present a generation is roughly thirty years. If this fell to twenty-five years, then the rate of decline of 30 per cent. in each generation would mean a 30 per cent. fall every twenty-five years, instead of the same fall every thirty years.

and even there most of the programme is still to be carried out. The idea is that house and flat construction should be taken over by local authorities and by the non-profit-making bodies set up by the co-operatives. A first mortgage of 50 per cent. of the cost of building is taken up on the open market, and of the remainder 5 per cent. is given free by the local community (in addition to a free gift of the land) and 45 per cent. lent by the State at the interest it has to pay for its own loans, plus a small charge for administrative expenses. It is estimated that in this way rents will be reduced by 10 to 15 per cent. below the present level. In addition, the State will give subsidies to cover the cost of rent rebates to tenants with families, the rebates being up to 30 per cent. for families with three children, 40 per cent. for four children and 50 per cent. for five children. Where the building takes the form of blocks of flats, special provisions are to be made for families, including collective crèches where for a small charge children can be looked after and fed while their mothers are at work.¹ These provisions apply specially to urban housing, but there are similar measures for rural housing as well.

How necessary this kind of measure is can be seen by glancing at the results of investigations made by Dr. Richard Sterner.² People who have been impressed by journalistic eulogies of life in Sweden will be disappointed to learn that in the cities not less than 40 per cent. of all families with three or more children live in flats consisting of one room and a kitchen, while among the working class this proportion is over 50 per cent. In the rural areas conditions are no better, for although only one-third of rural dwellings consist of one room and a kitchen as compared with one-half in the towns, rural families are considerably larger than urban. So that the fact that there is no "slum" problem in Sweden does not mean that housing conditions are satisfactory. Nor do the statistics of the distribution of income make a better impression, for it is probable that 200,000 children under 16 years of age (13 per cent. of all children in this age group) belong to families with incomes of

¹ At one crèche which I visited in Stockholm the charge for looking after a child from 7 a.m. to 7 p.m. and giving it three meals in that period was only eightpence a day.

² "The Standard of Living among Swedish Families," General Report, Bilaga 7.

under 1000 kronor (£50) per year and having three or more children to provide for. The census of 1935/36 shows that the proportion of families having incomes of less than 1000 kronor per year in 1935 was 23 per cent. of all families with no children under 16 years of age, 19 per cent. of those with one child, 19 per cent. with two, 22 per cent. with three, 26 per cent. with four, 28 per cent. with five and 33 per cent. of those with six or more children. These figures of income are certainly under-estimates, but the broad fact remains that the families with the largest numbers of dependent children generally have the lowest incomes. Evidently the measures envisaged by the Royal Commission will constitute a real attempt to raise the standard of life of the Swedish family. In such a situation the question that forces itself up is not why has fertility declined, but why, with such incomes, do the people have any children at all?

The account of the growth of public interest in Sweden in the population problem may have given the impression that there is a general acknowledgment of the need for governmental action of the kind described. But this is not the case. Until very recently Professor Myrdal, whose name is most closely associated with the programme, was sneered at, while his name was used almost as an obscenity. Large families were called "Myrdal's families," and a new verb, "to Myrdal," meaning "to copulate," was introduced into the language. More serious than this are the attacks from Left and Right politicians, the Left believing—as was stated in the Social Democrat newspaper *Arbetet*—that the movement was pandering to militarism, while the Right maintained that the whole programme was designed to cloak the entrance of Socialism through the back door. Even the new census of 1935, the first direct census to be taken in Sweden, was hailed with opposed cries of "Fascism" and "undue interference with individual liberty." But the programme gains more adherents with the promulgation of each new measure. For whatever the man-in-the-street may think about the future of the Swedish population, it is obvious that for him the programme means gains in every direction, losses in none.

NOTE ON SOURCES

Most of the material on Swedish population movements is scattered through various journals and sections of books on general population trends. Statistics of Swedish population trends will be found in R. R. Kuczynski's book *The Measurement of Population Growth*, the annual Swedish review of vital statistics (*Befolkningsrörelsen*), and in *Bevölkerungstatistik Schwedens*, a standard work by Sundberg.

On the relation between population trends and social legislation there are two excellent studies in Swedish. These are *Kris i Befolkningsfrågan* by Alvar and Gunnar Myrdal and *Betänkande i Sexualfrågan*, the General Report of the Swedish Royal Commission on population. It is hoped that translations of these two works will be available in the near future. A new English edition of *Social Legislation in Sweden* (published by the Royal Social Board), was issued in January 1938. The best general survey of Swedish problems is given by a group of Swedish experts in the May 1938 issue of the *Annals of the American Academy of Political and Social Science*. W. Goodsell has an interesting article on "Housing and the Swedish Birth Rate" in the *American Sociological Review* for December 1937. Finally, the present writer has a study of "Population and Policy in Scandinavia" in the July issue of the *Eugenics Review*.

17. EDUCATION

By MARGARET COLE

I. INTRODUCTORY

It is not particularly easy to write of Swedish education as a contrast to education in Great Britain; for at a first glance there seems so much similarity between them. Swedish education, like British education, falls into the three groups of primary, secondary and university; there are continuation schools, technical colleges and colleges in Sweden, as there are in Britain; as in Britain, there is an association, the *Arbatarna Bildnings-Förbund*, whose purpose is to provide education in later life for working-class students, as well as other bodies concerning themselves with the education of adults. It is true that upon closer study differences of considerable importance begin to disclose themselves: many of these differences, however, turn out to be attributable to the much larger population of Great Britain and its far greater congestion in huge urban areas, and more, possibly, to the peculiar history of education in Great Britain—more accurately, in England and Wales—and its almost total lack of any considered intention or considered plan. Some of the features of Swedish education, therefore, cannot be copied in Great Britain, whether or no it would be desirable that they should, for reasons of physical impossibility; others will not be, because unless there is a sharp and fundamental change in British society and the British class-system, the weight of inherited tradition will prevent it. Conversely, there are certain things upon which British educationalists pride themselves which are not to be found in Sweden, because for various reasons the Swedes do not feel the need of them. What this means will become clearer as this chapter proceeds; as an example, however, one may mention that the need for school playing-fields cannot be nearly so strongly felt in Stockholm, with its

wide airy streets which need no speed limit and which lead, in fifteen or twenty minutes' driving at the most, out into open country, as in the mass of festering brickwork which we call London. Nor do Swedish teachers, who have not had to struggle, as English educationalists have had to struggle, against the dead weight of parsimony and sheer class-prejudice in order to gain any sort of improvement in education, feel that distrust of formulation and passionate demand for freedom to experiment which is so characteristic of English teachers. The history of education in England has, as a matter of fact, been in great part one of forcing a class-led and reluctant State to provide first the rudiments of instruction and then by slow degrees a service that had something more of real education about it, and always with a close eye upon the petty cash. Only in the full tide of the Reformation did England really desire to educate her poor; but in this respect we stand lonely and shamed among the democracies.

Primary education was first provided by the Swedish State in 1842. As in many other countries, the need for primary education was largely put forward by the religious bodies, as is shown by the fact that the departments of Public Worship and Education are still combined under a single Minister, and that both the Bishops and the parish priests are still concerned with the running of the educational machine. They are, however, of much less importance than in former years, and none of those to whom the question was put appeared to think that "Church influence" played any sinister part, or indeed any particular part at all in education. ("Church," of course, means the Lutheran Church, which contains an overwhelming majority of the population. The Swedes, however, seem to wear their religion lightly.)

Before turning to a necessarily brief description of the system as a whole, it is worth mentioning that in education, as in other departments of government, the Swedes have been content to proceed at the leisurely pace which most foreigners find one of their prominent characteristics as a nation. Predominantly, Swedish education, like the Swedish railways, is nationalized; but even in the elementary grades there are still a number of private schools in existence (containing, in Stockholm, 7 per cent. of all children of elementary school age

though fewer in other areas where there are fewer rich people), and many more in the secondary grades. State secondary schools for girls, in fact, were not provided until 1927, which seems remarkably late in the day, though State and communal grants-in-aid were given to girls' schools before that date. (The slow provision of education for girls—it has been faster in the last few years—may have some connection with a certain lack of interest in and low opinion of women's intellectual capabilities which I noticed in more than one Swedish interlocutor: it did not display itself in any particular desire to keep women out of the professions, such as existed in nineteenth-century England—there is no sex bar in Swedish professions except Church, army, police officers and county governors—but simply as a view that they would not be much good if they did enter. Of which sociologists may make what they please.) Swedish educationalists themselves say that private education is disappearing; and as far as schools are concerned that may be so, for the figures of the past few years certainly show a steady growth in the proportion of pupils being educated by the State.¹ But private technical institutions continue to exist, and there is no sign of the privately endowed Universities of Stockholm and Göteborg being ousted by the State Universities of Lund and Uppsala—or even of their being of less educational repute

II. THE EDUCATIONAL SYSTEM

Schools—The Swedish child begins his education at 7 years old, or in a few cases at 6. There is no public pre-school education worth mentioning, nothing of the elaborate régime of crèches and kindergartens which is under construction in the U.S.S.R., for example, although some co-operative housing estates run crèches and play-places of their own, and there are a number of private “nursery school” institutions. The great

¹ This is mainly the result of the direct competition by the State schools, which are free to primary scholars and to secondary scholars charge lower fees than do the private schools; but there is a certain amount of light pressure applied: e.g. pupils from private elementary schools seeking to enter public secondary schools have to pass a more extensive examination, in Stockholm at all events, than do the pupils from State schools. But Dr. Norrbom, who is himself a secondary headmaster, stated that private schools crammed their pupils so that they all did well in the examination. So there is room for more than one opinion.

majority of Swedish children, as already stated, go to the free public *Folkskolor*; and in most, probably all, of the country districts, there is no other school available. (Here begins to develop one of the obvious differences between English and Swedish education.) The ordinary elementary school course lasts until the child is 14; in most towns of any size an eighth year may be taken—in Stockholm 80 per cent. of those who are not going on to any further form of education take it. Those who do not do either have to attend a continuation school for a total of 280 hours, spread over two years. There is little to be said about the continuation schools, which were instituted in 1918, except that the arrangement of the prescribed hours is kept fairly elastic in order to fit in with the needs and habits of the district.

Secondary education is rather more complicated because of the existence (excluding minor variations) of two main types of secondary school, both of which may now be combined under one roof as a single school. These are the *realskola*, or Lower Secondary School (formerly known as the *lägre allmänt läroverk*) which the pupils enter at 11 plus from the elementary schools and at which they remain for four or five years, either terminating their studies with the *realexamen*, which would, I suppose, roughly correspond to our general school certificate, or proceeding to still higher education; and the gymnasium, or Upper Secondary School, which provides a three or four years' course, according to the age of the entrant, ending in the *baccalauréat* or *student-examen*, which is the examination necessary for entrance to a university. This is the matriculation proper, but, as will have been observed, it is taken at 19 or 20 years old, and is really meant as a qualification for university study. It cannot therefore be compared with the degraded and uneducational treadmill which goes by the name of matriculation in England.¹ A combination of *realskola* and gymnasium under one roof is called *högre allmänt läroverk*; and in such a school a child can proceed directly to the *student-examen* without taking the *realexamen* at all. Gymnasia contain English-and-scientific and classical-

¹ It is also worth observing that the examination is not conducted centrally but by travelling boards of examiners, who actually go and examine the students on the spot.

and-languages sides, and on both sides there is a considerable choice of specialization, particularly in the later years, so that the time-table of the Bromma Läroverk, for example, is an immense and complicated document.

Secondary schools are not free, though remissions of fees, amounting in some cases to the entire cost, are granted, and the Board which decides upon exemptions usually includes working-class members. The maximum fees amount to about 140 kr. per annum, this comparing with from 140 to 400 kr. in private schools. This is an example of the way in which the State competes with private institutions for the support of families of moderate means, though the saving is not in all cases very considerable, for the State competition operates to keep down private school fees. There is, of course, nothing in Sweden which remotely resembles the English "public school system"—*i.e.* the system of expensive private boarding-schools. There are, in fact, very few boarding-schools at all. There are some public schools in the north at which children board because, owing to the long distances which they have to travel and the shortness of the daylight, it is not possible for them to go to and fro; and there are also some private boarding-schools which, I was informed, are attended by delicate children, "naughty" children of well-to-do parents, children whose parents are abroad, and the Royal Family—which sounds a curious combination. But the main bias of Sweden is towards day schools. There seem, also, to be practically no specimens, either in the primary or secondary ages, of the "free" or "experimental" schools which draw so much attention in English intellectual circles—and no particular desire that there should be any. This may not be unconnected with the attitude of the Swedes to the State curriculum, for which see below.

The above is a simplified—some may be inclined to call it an over-simplified—account of the Swedish school system. There are, in fact, a number of other types of school, such as the technical schools, lower and higher, which there is unfortunately no space to treat here, the apprentice schools of Stockholm (a recent experiment) and communal intermediate schools. The *complete* system is thus one of some complexity: it is depicted on the cover of a book entitled *Skolor och Utbildning*, by Rudolf Fäähraeus, as a many-coloured tree along the differ-

ently branching limbs of which Swedish children proceed to their various ends. But all the complexities do not seriously affect the general effect; for example, the *baccalauréat* examination remains the only gate to the university, and it is very difficult, though not absolutely impossible, for anyone who has not been through the higher secondary school to get his *baccalauréat*.

Universities—Above the secondary schools are the universities. Apart from the curious method of financing studies, of which I shall have more to say later, the facts about Swedish university life which most strike the English observer are three: the absence of Oxford and Cambridge, the absence of restrictions on students, and the enormous length of time spent in study, at any rate for the major educational posts and for the professions of medicine and law.

Oxford and Cambridge, of course, exist nowhere but in England, even Yale and Harvard bearing but a remote likeness to them. But the fact that in Sweden there is no place of high education which is entirely ruling class in tradition (even if not now confined to the ruling class), which is adorned by a number of young men who have come there not for the purpose of study but because their parents were wealthy or because they needed the hallmark of a governing class placed upon them, which is supposed to set the standard of deportment, accent, and behaviour for the country as a whole and to be, in addition, the exclusive nursery of statesmen and diplomatists, can scarcely be overstressed. There are no "provincial universities" in Sweden, whose degrees are a handicap in seeking the higher scholastic posts; and the effect of this, as shown in the absence of the grosser forms of snobbery, is very marked.

The greater freedom of Swedish university students is, of course, partly due to their being, on the whole, slightly older than English undergraduates, and also to their not having come from "public" schools and so not being supposed to need further discipline and nurse-maiding. Even allowing for this, however, the absence of restrictions is very noticeable. Students do not "live in," either in colleges or halls of residence—only in Uppsala has a building recently been erected (by the students themselves, not by the authorities), in which students

can live, and the purpose of this is simply to lessen costs of residence, rather than to institute any sort of control. They have provincial houses, which are called "nations," to which all students from the particular province have to subscribe, and which are in effect clubs, with clubrooms, libraries, etc.; but they are not residential. The vast majority of students find their own lodgings where they can—often in rooms which are let by the widows or relatives of academic persons—and men and women alike are free to make their own arrangements and to live their own lives. From the fact that one or two of my informants laid some stress on the equal freedom accorded to women, I conclude that there were some who had misgivings about the results; but, however that may be, the freedom is there, and is itself an example of the calm tolerance which seems to pervade a good deal of Swedish life.

There is little individual teaching in the universities. Instruction is given by way of lectures and seminars, with the addition of advice about reading, etc., if the student is interested enough to ask for it, and there are official handbooks or guides to every subject which to some extent replace tutoring. The examination for the various degrees is comparatively informal, and it appears that the student can be examined, within reason, as soon as he feels qualified to pass. The senior courses are, however, of enormous duration. To qualify as an ordinary teacher, for example, takes about five years; but for the higher teaching posts, *e.g.* headships of secondary schools or university posts, as for medicine or the law, it is necessary to obtain a doctorate, which takes in all nine or ten years. Thus a man may well be verging on thirty before he is qualified to begin earning in his profession, and a lawyer or doctor must in addition be prepared to work for some time (as indeed is often the case in England also) for nominal or low fees.

This at once raises the question: How does the student live while he is going through this enormous training? There are a certain number of bursaries and State grants available, but for the most part, it would appear, the students who do not come of well-off families finance themselves by way of loans, which are extensively granted by the banks. Professor Dahlberg of Uppsala, to whom I am indebted for many of the

figures quoted in this chapter, has sent me official calculations which show that in the Universities of Uppsala and Lund only 40 per cent. and 36 per cent. respectively of the students in residence are paid for wholly by their parents, and that 19 per cent. (in both cases) receive no financial help whatever from home. For students taking the medical degree at Uppsala (which is the most expensive) it is reckoned that at the end of their course the average indebtedness *per head of all students* is 12,000 kr., and the median for the students who have actually contracted debts 17,700 kr. including bank interest.¹ As the total cost of the medical degree, including living expenses, is calculated to be just under 22,000 kr. for students living out—less, of course, for those living at home—it will be seen that a great many students must leave the University with a burden of debt which seems staggering, particularly as the banks naturally charge interest on what they lend, although certain State loans are granted interest-free. Swedish students, further, do not, as some American students do, pay for their studies to any great extent from out-of-college earnings; a census of the earnings of male students at Uppsala showed only 12 per cent. in receipt of 500 kr. or over per annum.

This means that the professional man—and to a less extent the ordinary teacher—starts his earning career with a debt which he may not pay off until he is over fifty—an extraordinary system to our minds. No doubt, if the condition of being-in-debt is so widespread its social effect is lessened; and it may be argued that there is not much practical difference, to the man of middle age, between stinting himself to pay for his children's education and stinting himself to repay the costs of his own. Nevertheless, when taken in conjunction with the long period of study, it would seem that it must tend to discourage marriage and the begetting of children²; and it is rather surprising that the Swedes, who are so apprehensive about their low birth-rate, have not at least considered the alternative of a much larger system of State scholarships.

¹ A single degree has been taken, for reasons of space, as an instance. But the figures relating to other degrees lead to the same conclusions.

² University students do sometimes marry, particularly during their last year or two. But it would seem that they often marry other students, in which case the financial problem hardly arises. What other expedients may be adopted fall outside the scope of this chapter. See further in Chapter 16.

Finance and Administration—The finance and administration of Swedish education is comparatively simple. To the public schools the State makes a large contribution—100 per cent. of teachers' salaries (it used to be 90 per cent.), 50 per cent. (allowing for interest charges) of the cost of new buildings and the upkeep of old ones, and the whole cost of materials such as blackboards, pencils, paper, etc. The school books are normally charged to the children, though this is not always enforced in the case of the poorer ones. The rest of the cost, including light and heat, which is a very serious item in the north, is found by the locality. Private educational institutions may receive grants-in-aid either from the State or from local authorities—Stockholm University, for example, receives an annual subvention of about 200,000 kr. from the Stockholm Town Council; but figures are only available in isolated cases. Educationalists did not seem to feel that there was any great difficulty in obtaining from either State or local authority the funds which were really necessary, although some of them said that they would like to get rather more.

Locally, the administration is by School Board or School Council; in Stockholm the School Board consists of 15 members, who are partly elected and partly co-opted, distributed roughly according to party strength. In the country the School Council is elected: in former days the parish priest was invariably the chairman, but now he is merely a member. It is possible for the head of the village school to be chairman of the Council (a thought which would stagger some English education officials), but it is not encouraged, "because it leads to inbreeding and the lack of effective criticism." It should be observed that, owing to the general absence of large landholding and "squirearchy" in Sweden, the rural School Council is at once more effective and more democratic than any institution of the kind would be likely to be in England. An Education Inspector of Stockholm—who may of course have been biassed, though he gave no indication of his political views—told me that in districts where one individual owned the bulk of the land there was a marked inferiority, not merely in the conduct of the schools, but in the health and wellbeing of the children.

The School Boards or Councils appoint the teachers, subject

to the approval of the Ministry of Education which is generally given automatically. As the prescribed curriculum is rigid (see below), the local authority has little say in it; it has much more in the methods of teaching and the general conduct of the school. The State appoints inspectors—52 for primary education in the whole of Sweden, of whom 3 are in Stockholm. To one of them, Inspector Hage, I am indebted for very much of the information I have gathered about primary schools and the teaching profession.

III. FEATURES OF SWEDISH EDUCATION

The Educational Ladder—How does all this system work? and what is it like to look at, compared with the English system? The first question which any Socialist is likely to ask is whether there is an “educational highway,” whether anyone, irrespective of class, can obtain as much education as he wants. The answer is that there is not. Statistics cannot be given, because the educational statistics of Sweden are not drawn up so as to provide an answer to this question; but it would appear that, taking the country as a whole, the number of pupils in secondary schools—which represent the first stage of our inquiry—in any year is somewhere between 10 and 15 per cent. of the number in primary schools.¹ This is not very widely different from the state of things in England. In Stockholm the percentage is undoubtedly higher: I was told by Dr. Jonsson, of the Stockholm service, that 40 per cent. of primary school children in Stockholm went on to some form of higher education, and this seems well substantiated by the official figures. I have no data for towns other than Stockholm; but it is clear that if the Stockholm figures are correct, and if the figures for, say, Göteborg and Malmö even approximate to them, the number of primary scholars in country districts who get any form of higher education must be fairly low; and one must in equity set down the opinion, voiced by more than one Swedish educationist, that there was “too much” secondary education in Sweden. Too much, that is to say, for the present economic system to absorb. One has heard that type of statement in other places.

¹ Some informants gave a much higher estimate; but what figures there are do not bear them out.

On turning to the universities, one finds the highway considerably narrowed. The number of students taking the matriculation examination, without which no one can enter a university, in 1937 was about 3400—this is an increase on previous years. But by no means all who have matriculated go on to take a university course—something like 40 per cent. leave it at that. And within the universities themselves the class-distinction is even more marked. According to a calculation made of the students at the University of Lund over a period of fourteen years, the children of the professional classes are over-represented, in proportion to their share in the population of Sweden, about 20 times, while the children of artisans suffer from an under-representation of one-quarter. That is to say, the son of a professional man has nearly a hundred times better chance of university education than the son of an artisan—and the son of an agricultural labourer, I was told, has, except in very exceptional circumstances, no chance at all. (Because no bank or other institution will lend him enough to pay the *entire* cost of his university course, even supposing that he gained remission of fees for his secondary school and that his parents were able to support him while he was attending it—both dubious suppositions.) This is not the British Labour Party's policy of secondary education for all, nor anything like it, nor is it a policy designed to secure for everyone as much education as he or she can assimilate: at the most, it is the best that can be done with a system of economic inequality, which can only provide a limited amount of opportunity for persons with special qualifications to employ them.

It should be observed, therefore, that it is not quite correct to speak of Sweden as a "highly educated" country. It is highly *literate*, and its educational system makes it certain that its population will, up to a point, be equally educated, which is a fact of very great importance. But there is room for a good deal more higher education.

Size of Classes—On the actual running of actual schools, the first and greatest difference is in the size of classes, a matter on which Sweden is undoubtedly far ahead of this country. While we are struggling vainly for a limitation of the numbers in elementary classes to 40, and having to endure a large number

of classes containing 45-50 children, it is salutary for us to observe that in Sweden the average, in elementary schools, is a little over 30, and that a class of 40 is regarded as a survival from the Dark Ages. The Swedes have a different difficulty—that in some country schools which serve thinly peopled areas classes tend to be too small to afford sufficient co-operative training. Of course the low birth-rate and relatively small population of Sweden make smaller classes easier to achieve; but it does not account for the Swedes' success, and no teacher will need to be told how important is the difference.

School Services and Equipment—In building and general equipment, the most noticeable thing is the absence of "horrors" and of "black spots." There may be some, of course, in unvisited districts; but in Stockholm County, which is not a particularly high-wage area, the light and clean and airy buildings of small village schools make a very marked impression on anyone who knows anything of the inferior rural schools of England. The Swedes are a clean people, and their schools are clean—with their wooden buildings they would rapidly become very offensive if they were not. The washing and cloakroom provision is excellent, including steam-heated rooms—Turkish baths for small village children!—and even in secondary schools the supply of drinking-water taps and of hand-basins situated near *where the hands have got dirty*—such a saving of time and confusion—could put many English schools of good repute to shame. The equipment is no better than in the best English schools—sometimes not so good; but it is far better than in the worst.

Of gymnastic apparatus there is, as one would expect, a great deal, and in big schools the gymnasiums are marked out and used for the playing of many games—anything but cricket and golf, I was told, can be played there. Playgrounds are poor, and sometimes non-existent. It is said that the proximity of public recreation places, and—even in the largest towns—of open ground and woods, makes school playing-fields unnecessary. There is a great deal in this point; our clamour for playing-fields is mainly an attempt to combat the hideous results of early industrialization. Nevertheless, there seems no reason why so many school yards should be made of sharp chipped stones. Do Swedish children never fall down?

School services for the poorer classes play a distinctly smaller part than in England. School bus services are only in their infancy, and though there are cases in which free breakfasts—the mid-morning meal, taken between 10 and 11—and free boots are provided for poor children, my informants spoke of these as if they were rather exceptional. Many Swedes hold that they are not needed on a wide scale; but the whole subject is at present under discussion. Medical inspection is more frequent, and I should say better, though the Medical Officer of Stockholm was demanding improvements. (But see further in Chapter 15.)

Curriculum—The curriculum is perhaps what most astonishes the English elementary teacher, accustomed to the mild suggestions of the Board of Education. The present Swedish curriculum was laid down in 1919; it was slightly modified by Parliament in 1928, but remains substantially the same. Nor does it seem likely that it will be altered; one Swede said that the 1919 programme was in fact “the ideal.” So why should it be changed?

Its content, as a whole, does not differ very much from the teaching of any English school, except that there is, naturally, rather more instruction in foreign languages; but its rigidity is very much greater. The blue-books which set out the programmes (*Undervisningsplan*) for the school years are truly formidable documents. Not only do they lay down what is to be taught in each year's study of each subject, they also contain, for each subject, three or four large pages of instruction to the teacher on how he is to teach it. And teachers are in fact watched and warned if they stray too far from the plan. So much difference does it make to have a considered State system which has been considered from an educational point of view.

This Swedish system has, of course, much more in common with other Continental systems, and a French teacher, for example, would not be nearly so surprised at it. It has the undoubted advantage that a child moving from one school to another can carry on his studies without having to catch up or mark time. The disadvantage of an “ideal” system, however, is that it is bound to get out of date in parts, and is then extremely hard to alter; and in handwork this is noticeable.

Sweden was a pioneer in the provision of *slöjd* (handwork) in schools; but she is not leading now. The handwork in a girls' continuation school near Gustavsberg was lamentably stereotyped and dull, and in one of the newest lycées in Stockholm the engineering work was very poor and the handwork for girls inferior to that in a good English county school. The science department, also, appeared to be designed more for lecture work than for individual experiment, for which there was not enough room. One has, nevertheless, to remember the number of schools in England which have practically no handwork at all.

Teachers—Teachers in Sweden seem to be reasonably well paid, and held in good estimation. University teachers and professors have a very great deal of freedom, which is jealously guarded. Once appointed, they are practically irremovable, and though the Government has to approve appointments, it only very occasionally interferes. Since this year, men and women school teachers have received equal pay, except for the women taking the two lowest classes in the primary schools, who have undergone only two years' training. The organizers of the men teachers—there are two Teachers' Unions in Sweden, the other and much the larger being bisexual—were not particularly pleased at the new law, as they had hoped to gain a general advance in rates. Salaries are fixed by the State, and there are seven salary scales, settled according to the cost of living in different places, with special allowance for very cold districts. In Stockholm County—which is not high up in the scale—the maximum was said to be from 7000 to 8000 kr. per annum, with starting rates of about half that amount. In addition, teachers can earn more by teaching handwork and by taking continuation classes during the winter and sometimes during the summer holidays. In rural districts the teacher is provided with a house (minimum, 3 rooms and kitchen); the ones I saw were very attractive. It is perhaps worth noting that rural teachers often stay many years in the same area; there is not anything like the urge to get into towns that there is in England.

Teachers get pensions, and as Civil Servants they also get the Civil Service family allowance. But as this only amounts to 10 kr. per head per month (it used to be 5!) it cannot make

a very great deal of difference. The headmaster of a large school¹ is in a position of considerable authority: I gathered this both from information received from the teachers' organizers and from the internal arrangements of one or two large schools. There are of course staff meetings; but it would seem that the head's word goes—on the question of administration, at any rate. Opinions differ on how far he controls the teaching. The Swedes are not, however, very much interested in this, or in the parallel question of self-government by pupils. They agreed that there was some self-government, sometimes initiated by the staff, sometimes by the parents, never by the children. There are form monitors and school societies, but no "school prefects," nor has Sweden anything resembling the competitive "house" system which English secondary schools are importing from English public schools. Discipline is mild; there was some slight difference of opinion on whether corporal punishment was forbidden or not, but it is certainly not used. The Swedes seemed to think that their system worked very well.

Conclusion—In fact, the attitude of the Swedes on this point seems to sum up well enough one's impression of Swedish education as a whole—which is, that the Swedes have got the educational system which they want. While some of them admit that it might be improved in one or two particulars, on the whole they feel it is the best in the world. It is a system State-planned, as I said, mainly on lines laid down by nineteenth-century Liberalism, *i.e.* in the sphere of ideas it incorporates the French Revolution after it had ceased to be revolutionary. It is planned to fit a bourgeois community with class distinctions, but without spectacular economic differences within its population, with gentle leanings towards collectivism, and without vast reserves of money to spend on splash displays. And I should say that it fits it very well, and will continue to fit it, if it does not harden at certain points, such as curriculum and the availability of higher education for the very poor. The provision, in general, is superior—even greatly superior—to that of England in the worst cases, not as good in the best. (An example of the exasperating conclusion which has, alas,

¹ There are very few headmistresses of large secondary schools—even of girls' schools.

so frequently to be drawn, that England *could* lead the world in social services if only we could decide nationally to apply what we have learned individually.) The size of classes, that black blot on English education, is the chief superiority of Sweden. Others—democratic administration in the local areas, the absence of “public schools” and of fuss about men and women in universities, etc.—derive rather from the structure of Swedish society as a whole. Britain might be a pleasanter place if we could imitate them—but then it would not be Britain.

APPENDIX: ADULT EDUCATION

The People's High Schools (assisted by State grant) play a very much less important part in Sweden than they do in Denmark, from whence the idea was imported. Nevertheless, they are valuable as providing opportunity for continuous periods of education for adults of the working classes, opportunity which, except for the few residential colleges, is hardly available in England. A frequent length of course is six months, for which the cost is about 500 kr. 300 kr. of this may be obtained by State bursaries, and often a further 100 kr. from trade unions or similar organizations. A.B.F. and kindred bodies frequently send students to the People's High Schools.

Arbetarnas Bildnings-Förbund (A.B.F.), the Swedish counterpart of the English W.E.A., was founded in 1908 by Rickard Sandler, now Foreign Secretary, with 700 students. In 1936 it had 78,000, 11,000 of whom were in Stockholm. Like the W.E.A., it is non-party in politics and religion, but obtains most of its adherents from the lower-income classes: like the W.E.A., it receives subventions from the State, which amounted in 1935/36 to 114,000 kr. towards the cost of lecturing and provisions of books, and from some, though not from all, local authorities. Stockholm Council in the same year gave 30,000 kr. towards the cost of administration—a not ungenerous gift. English W.E.A. organizers will also sigh when they learn that the State grant is paid over in a lump sum and not in irritating “grants per class coming up to standard,” etc.

Notwithstanding its non-party politics, the connection of A.B.F. with the working-class movement is much more organic than that of the W.E.A. There is no individual membership of

the association; the members are the affiliated trade unions and political parties, which pay a fee of 5 öre (about $\frac{1}{2}$ d.) per member per annum. This does not exempt, as in the case of the English W.E.T.U.C., the members of the union from paying class dues. A.B.F. sets its face against education for nothing, and the members of classes and study circles (a growing form of activity) have to find the major part of the cost of tuition (not of travelling) and of the meeting-room. If a factory group can get the use of a room free, so much the better for them; their costs fall. But the fee may be as much as 35 kr. for full courses in foreign languages; for lecture-series in social problems, which are much shorter—about 12 to 15 two-hour periods—and in which 98 per cent. of the students are manual workers, the average fee would be about 8 kr. Lecturers are paid 20 kr. per lecture with expenses—which may be very high where long travelling is involved.

The range of A.B.F. subjects is very much wider than that of the W.E.A., including a great deal of teaching of foreign languages (mostly English), and of "school subjects," such as mathematics, typing and shorthand, commercial drawing, etc., etc. A.B.F. is, in practice, fulfilling many of the functions which are in England performed by evening institutes, private commercial colleges, and the like; and the "school courses" are longer and more exacting than the others, often extending to three or four winters' continuous study. This tends to keep its working-class contact more alive and less specialized than in England.

A.B.F. provides libraries in areas where public libraries are not available; it runs summer schools, and in 1934 experimented with a fortnight's school on English conditions, conducted entirely in English, which seems to have been very successful. It has a small magazine of its own, and collaborates in the production of a larger one with other adult educational bodies, such as the Temperance League. It does not publish itself, except a few pamphlets and syllabuses; it finds the commercial publishers serve its students adequately. My A.B.F. informant remarked that Swedish publishers were too ready to issue translations of a lot of foreign rubbish: after a cursory study of some of the chief bookshops, I am inclined to agree with him.

The constitution is delegatory, the District Boards being chosen by local committees and study leaders, and the Central Board by the District Boards. A little while ago the Swedish Communist Party made an attempt to capture the Central Board, and disaffiliated when that proved impossible. The C.P. now run classes of their own, but a good many Communists attend A.B.F. classes and study-circles, all of which are open to members of non-affiliated societies. There is no educational organization corresponding to the National Council of Labour Colleges, no other specifically Marxist educational body. But I should guess that Marxists were rare in Sweden.

18. PUBLISHING, PRESS AND RADIO

By RAYMOND POSTGATE

PUBLISHING

As is natural, when writing of Sweden, the author feels bound to speak first of the Co-operative Movement.

The publications of the Co-operative Movement are in some ways less extensive than the British movement, in some ways more. The movement publishes no newspaper like *Reynolds*—indeed no newspaper at all. It does not own its own presses, and its publications are mostly printed for it by private firms to its instructions, though the size of its orders is such that its influence is very great, and it appears, moreover, that this control may soon be extended.

This abstention from newspaper production is due to the fact that there has been no hostile attitude to Co-operation in the capitalist press. Attacks on the Co-operatives are not frequent, Co-operative news is not boycotted, Co-operative advertisements are not refused. Some smaller provincial journals may show bias, but in general Co-operative officials have no complaints to make.

The books published by the Co-operative Publishing House (K.F.s Bokforlag) are of a serious and important character: they deal mostly with economic problems and many of them are such as would be published abroad by university presses only, or by the publishers of advanced technical studies. Some are of a very popular character—such as *Växterna I Hemmet* and *Växterna Täppan*, two gardening books published at 1.50 kr. and 2 kr. respectively. These contain a great number of carefully printed colour pages, and constitute a rivalry to the commercial publishers which is somewhat resented. Politically, the K.F.s Bokförlag shows a great tolerance, but this tolerance extends more to the Right than to the Left. A book by the leader of the Conservative Party is included in their publica-

tions, but no Syndicalist book, and the Syndicalist leaders regarded as laughable the suggestion that they would be allowed to use the K.F.s Bokförlag.

Book sales are large enough to support these publications mostly because of the educational groups run by the Co-operatives, which provide a large ready market. *Vi vilu*, the group organ, appears irregularly. *Vår Tidning*, a journal addressed to shop assistants and other employees, deals largely with salesmanship and technical matters. *Ko-operatoren*, a serious fortnightly with much historical, economic and polemical matter of a pretty advanced character, has a circulation of 6000 (the annual subscription is 8 kr.; for members 6 kr.). The most interesting Co-operative publication is *Vi (We)* which is supplied for 2 kr. for a year—52 issues. This price has no relation to costs and the resulting circulation is 500,000. It is to be regarded as an ingenious advertising expenditure. It recalls in appearance a picture paper like the *Weekly Illustrated*. It is printed in sepia on a rotary press. It contains a large number of pictures, some stories, a serial (in 1937 one by Sinclair Lewis), comic strips, and simple political or economic articles.

The publications of the K.F. are admirably printed, and put the English products to shame. Two books were exhibited in 1936 among the twenty-five best printed books of the year.

The editorial policy of K.F. publications naturally depends to some extent upon the editors, but it follows certain well-defined lines. Probably the subjects on which most discussion has occurred elsewhere in Co-operative circles are politics, religion and alcohol. In politics the journals take a line which avoids the least offence to the Conservative and Liberal membership, though the majority of the Co-operatives are undoubtedly Social Democrats. General questions of politics are avoided, therefore, and only special subjects, such as tariff proposals, which affect Co-operators are dealt with, and that from the point of view of Co-operative interests alone. Generally the present Government asks the advice of K.F. before such proposals are made, and the memorandum by K.F. may be printed in its journal and take the place of an editorial statement.

The Swedes do not take their religion heavily, and religious

topics are not of frequent occurrence. But editors say that they must beware lest a character in a feuilleton should use an oath, or a picture of a young woman be printed without what religious circles regard as adequate clothing. Over drinking they are (in the words of a chief editor) "fanatical." Alcoholic drinks have long been forbidden by Co-operative Congress resolutions, and nearly all societies except Stockholm even bar the "near-beer" which is all that is sold as ale in the country. Unceasing war is waged upon "drinking." Some hours were spent in vain at a recent Co-operative Congress in an attack by delegates upon K.F. because the lessee of part of one of their buildings (over whom they had no control) sold not spirits but wine in his restaurant in a perfectly legal manner. No liberalization upon this question is expected in the Co-operative press.

Commercial book and magazine publishing in Sweden runs upon the usual lines. All printing and binding workers are organized (in the "reformist" unions), and the employers' association in general keeps on good terms with the unions. Packers, drivers, and despatch workers generally are more often organized than not, though organization is far from 100 per cent., and the enormous house of Bonnier is not organized. (The directors of this firm deny that they have placed any obstacles in the way of organization and state that they are indifferent, given the union policy, on the matter.) Some objection was expressed by the head of a big magazine house to the alleged action of the union in selecting itself what members of the staff should be dispensed with when work contracted, and so limiting the employer's right of "hiring and firing." Office workers are almost wholly unorganized; a well-established female employee will earn 250 kr. a month. Office wages range between 200 and 400 kr. a month.

Books are almost invariably put out to booksellers on consignment (sale or return), on a 30 per cent. discount, often plus 6 per cent. for payment within 30 days. School books carry a 25 per cent. discount with no cash-payment discount. A list of book publishers of importance runs as follows: Albert Bonnier; P. A. Norstedt & Söner; Bokförlaget Natur och Kultur; Wahlström & Widstrand; Gebers; Medens

Förlag; Tidens; Holger Schildt; Skoglunds; and Lars Hökerberg.

No description, however, would be complete which did not mention the formidable predominance of Albert Bonnier Förlag. This business is a family one (Jewish—run by Herr Karl Otto Bonnier, Herr Kaj Bonnier and Herr Åke Bonnier), and by itself and subsidiaries holds not only the premier position in book-publishing but also (through Åhlen and Åkerlunds Forlag) in magazine publishing, and is largely powerful in newspaper publication, controlling *Dagens Nyheter* and another paper. In 1937 it celebrated its centenary with unexampled splendour. In magazine production it is slightly less overwhelmingly predominant than ten years ago, owing to a dispute with the advertising agencies which has only recently been composed. Nevertheless, the Marxist anticipations of concentration of capital appear to have been in part fulfilled in Swedish publishing circles—at least to have gone as far as it is likely that they can. No attempt to control this, or interfere with it, seems to have been made; there is no Socialist policy or plan for publishing in Sweden, nor is it easy to see how there could be one.

JOURNALISM

The Stockholm newspaper world bears a strong resemblance at first sight to the general "international" type which existed over the greater portion of Europe until a few years ago. Up to the coming of Fascism, London and, to a smaller extent, Berlin were the only European capitals where newspaper publishing had become a big business, with its concomitant evils or delights of controlling magnates, standardized merchandise, and highly modernized selling and presentation technique. In Rome, Paris, Madrid, Copenhagen, Prague or almost anywhere else you would find similar groups of papers, each with a very small amount of news and an even smaller amount of "features" (comics, home page, sports write-up, special non-political articles, etc.). Each one would be attached to some political centre and probably have at least one M.P. among its editors; the circulation would be low and confined to the capital; the finances in some cases would not bear investigation. A Socialist opposition press, of rather less

circulation, would be run on exactly similar lines. Where any paper attained an eminence such as *L'Humanité* did under Jaurès, that would be due to a reason incredible in England—to the moving and valuable quality of the editorials.

The Swedish press is in a process of transition from this condition (which, for all its faults, provided a fairly well informed public opinion) to one more nearly approaching the modern press world. The dailies have adopted a number of "features," and cannot command any circulation of importance without gossip writers, crosswords, women's pages, etc. They also use comic strips imported from America and imitations provided by themselves which appear to a foreigner to reach or even fall short of the same level of wit. They even have the beginnings of press lords—Bonnier's are said to own *Dagens Nyheter* (the most modern of all), T. Kreuger (Ivar's brother) *Stockholms Tidningen*, and Axel Wenner gren *Nya Dagligt Allehanda*. But these gentlemen are not, or are not yet, monstrous and important figures in politics owing to their position, like Lords Rothermere or Beaverbrook, nor are their enterprises giant wealth-producing affairs like Odhams or the Amalgamated Press. Newspapers' intimate connection with politics has begun to decay. The three powerful papers named above are all classed as Liberal, and between them probably hold the majority circulation in Stockholm. But the Liberal vote is trivial; most of their readers are clearly hostile or indifferent to their declared political views. Papers which are read still chiefly by their adherents are *Svenska Dagbladet* (Conservative), *Svenska Morgonbladet* (Religious), and *Socialdemokraten* (Socialist). But the circulation of the last-named, for instance, is only between 5 and 10 per cent. of the big Stockholm vote, though this may be because it adheres most firmly to the old and rather dull editorial methods already described. It is also held back by restrictions which tend to weigh upon the metropolitan organ of any Labour Party. Too much space, for the readers, is given to politics and to reports of meetings where speeches are delivered by influential people who would be deeply offended were they not adequately reported. Further, the editorship of such a paper is regarded as only a step in a political career. Three ex-editors of *Socialdemokraten* were, in 1937, Cabinet Ministers. Now the editor-

ship of a great daily, or even a small one, is a job of first importance and one that cannot be done except by a man who has decided to make that job his career and life-work.

The Socialist press does not appear to have made advances towards discovering the way (if there is a way) to reconcile journalism with modern technique. In the capital, at least, no especially Socialist line is followed in what is comprehensively called "culture." For books, films, theatres, etc., no general policy is observed and "politics" and "dogma" are avoided: little difference appears to exist from the capitalist press. Foreign news is taken almost entirely from "T.T." (see below), though correspondents (using the post not the telegraph) write from Prague, Paris and London. The special historical and political articles are written, in a rather large number of cases, by political refugees. This completes the picture for Stockholm. But it does not for the Provinces. The Socialist press, if not the bourgeois press, outside Stockholm is far more interesting to foreigners and, given the less resources, far better run. Editors have a longer life in the "chair" and are less likely to be removed by political ambitions; less space is taken by speeches by important busybodies; the contact with the life of the people is closer. An excellent example is *Arbetet* (*Labour*) of Malmö. It is a large 16-page (sometimes more) paper under the editorship of Mr. Allan Voug. It comes out at midday every day, has a print of 32,000, and in 1937 celebrated its 50th anniversary. From its beginning—when its capital was a hundred kronor and it was printed in Copenhagen because no Malmö printer would touch it—it has been wholly owned by working-class organizations, mostly the trade unions. Its circulation goes over a large portion of South-west Sweden, in accordance with agreements with other Socialist papers delimiting areas. The editorial staff in the city, excluding special and occasional writers, numbers 16, and that outside the city 15; the correspondents are chiefly workers still working at their trade. In appearance, and judging from the space given to various subjects, it is a far more comprehensive, better edited, and better made-up journal than many English provincial dailies; it also appears to be more definitely Socialist throughout its columns, even into its literary page, than the metropolitan journal. But it must be remembered that this

impression is gathered not from a direct reading of the articles concerned (which would have occupied a great deal of time and labour) but from an exposition of their contents by the editors. There are 32 Socialist papers outside Stockholm (inside are *Socialdemokraten* and certain bulletins for members of little interest). These form a close and formidable network over the countryside. Twenty-five are dailies: the rest appear either three or four times a week.

There is one division of the press which stands in complete contrast to the rest. It is not the Communist press (that is like all other Communist presses) but the Syndicalist press. It is a body of some importance, for the criticism which it voices is that of a large number of Swedes. The total number of Syndicalists in Sweden is given as 35,000 to 40,000; but the circulation of *Arbetaren*, their Stockholm daily, alone is 20,000. This paper has been a daily since 1922; another daily, *Norrlands Folket*, is run in Kiruna and is the northernmost daily paper in the world. A weekly, *Arbetare Kuriren*, is also published, a Syndicalist youth paper, *Storm*, and special trade journals for the building workers, lumber workers, and others. Their appearance reminds one of the old *Daily Herald* or *Labour Leader*: there is a fair amount of news but much more propaganda, and that of an enthusiastic and uncompromising kind. These papers are not highly finished journalistic products, but they are very much alive.

Wages in the newspaper trade are good, and though there is a considerable variation between the provinces and Stockholm, this is compensated for by the difference in the cost of living. Typical wages on *Stockholms Tidningen* are: For a completely "new hand" in the editorial room, 3000 kr. a year; junior reporters, 4000-6000 kr.; chief reporter, 11,000 kr.; night sub-editor, 7200 kr. Responsible editorial and special writers command salaries rising to 15,000 or 18,000 kr. Compositors and machinemen's salaries run between 4000 and 7000 kr. and helpers 300-4000, by union agreements. (The actual wage received on an average per week varies between 52 and 70 kr.) On Malmö *Arbetet* parallel figures are: compositors and machinemen, 3500-5000 kr.; editorial workers (excluding the one chief editor), 6000-8000 kr.

One feature in which Swedish newspaper publishing must

be unique is that foreign news has been almost entirely canalized into one channel. When Swedish editors speak of their "correspondents" abroad they commonly mean correspondents who send letters by post, and who would not be recognized as persons of any importance by the English and American newshounds who cable or telephone every day. A few of the largest Stockholm papers keep a few such correspondents in the very large towns, but far fewer in numbers than an English paper would. The overwhelming mass of foreign news is provided by Tidningarnas Telegramy—"T.T."—and is the same service for all journals.

T.T. is the property of all the Swedish press and is co-operatively owned and controlled. No journal may own more than 10 per cent. of the shares, and the service must be and is open to every journal of any shade of politics. Service is offered upon strictly economic terms. A separate bureau deals with the "smaller services," *e.g.* a special service of local news of a particular province. Sub-stations are maintained in Göteborg, Malmö and Sundesvall; the main service is maintained from Stockholm and is delivered by messenger in the town and by teleprinter to the rest of Sweden.

It seems incredible that any organization sending out the whole foreign news for the country could do so in such a form as to provide what both the extreme Conservative and the extreme Labour men require, but T.T. directors maintain that this is done; and inquiries among editors of all complexions produced nobody who questioned this statement.

RADIO

The Swedish Broadcasting Corporation, Svensk Radiotjänst, is similar in constitution to the B.B.C. It is formed out of an original private company set up by radio manufacturers and newspapers; it is chartered by the Government, which maintains effective but indirect control, for a limited period (in this case, 3 years, indefinitely renewable); it is a monopoly. Its income is derived from licence fees extracted from listeners—10 kr. a year, a trifle more than the British fee—and the collection is done by the Government. It broadcasts no advertisements. The Royal Telegraph Office retains a larger proportion (7 kr. out of 10) than the British Government, but as

it is responsible for the upkeep and erection of stations the discrepancy is only apparent. Even the staff of the Radiotjänst, to one unprejudiced observer, bore a discomposing and almost terrifying resemblance to the English; the dress, the manner, the motions and even the voices uncannily recalling those of the B.B.C. young man, who, surely anyone would swear, was a purely British product. Do like institutions produce a like crop of human beings? Would a wide extension of the principle of semi-public corporations populate the whole world with a generation of refined announcers and Uncle Peters? These are questions into which this inquiry may not enter.

There is no trade unionist problem in Radiotjänst. A question concerning this was met with a politely raised eyebrow. The working men were employed by the Telegraph Office, and the Radiotjänst staff were not the type who would entertain such ideas. Something had, it is true, occurred once among the musicians—the persons who blew, scraped or hit instruments, not the composers, conductors or directors—but the orchestra was being dissolved and henceforward only the concerts arranged by other bodies would be broadcast.

The Radiotjänst runs 14 stations, but of these only 5 are of more than $2\frac{1}{2}$ kw. power, and only 2 (Motala and Stockholm) of more than 10 kw. There are a number more of tiny stations nominally independent, but they are relics of the days when broadcasting clubs had their own stations; they are now not allowed to broadcast anything not approved by Radiotjänst and (usually) all their programmes are taken from its programmes. Nor are the official provincial stations allowed to construct their own programmes: in one year, for example, Göteborg transmitted exactly 12 hours of its own material. Only one programme is broadcast for the whole of Sweden, with the most trifling and unimportant exceptions. The reason offered for this meagre fare is that Motala, the long-wave station allotted to Sweden, does not effectively cover the whole country; there are large areas where bad fading occurs. This might seem a reason for having the medium-wave stations in the fading areas relay the Motala National programme; or even for having a second station built to operate on the Motala wave length, if that is technically possible. But it seems no

reason why the areas actually served by Motala should not broadcast an alternative programme.

The tendency of headquarters is to tighten control. Listeners' organizations are regarded as moribund. Consultative committees drawn from the public are not organized though "the best advice is always taken." In music a high educative level is aimed at. "Hot jazz" has been broadcast, but not for more than 10 hours in a year, the reason being not moral disapproval but that Swedish listeners' taste is considered unlikely to approve of such low-grade music. Modern music is represented among the serious music broadcast, but not very extensively. In 1936 music was 47 per cent. of the total broadcasting matter: 28 per cent. of this was light music, 12 per cent. serious music, and 7 per cent. dance music. Of the 12 per cent. only 13 per cent. was modern. Sweden plays for safety.

On talks there is a severe censorship: there is no pretence, as in Britain, that controversy is "free." On certain occasions—for example, pre-election debates and speeches—control is withdrawn, but generally there are at the most three much-trusted broadcasters who are allowed to broadcast without first submitting the text of their remarks for censorship. All objectionable matter is removed, in (officials state) the most civil manner, and generally by way of suggesting that this "might be better expressed so" or that this other phrase expresses the lecturer's true meaning. But "objectionable matter" is a wide category in the Radiotjänst's classification. No doubt Sweden's relatively more exposed position is responsible in part for what appears to be remarkably extensive bans in politics and economics. The news reporter who gives a survey every fortnight (the daily news is provided by T.T.) expresses no opinion of his own. A lecturer on, say, oil, would not be allowed to suggest that a cause of war could be found in the operations of Royal Dutch or Shell. It could not be said in a survey of diplomacy that the source of present troubles was to be discovered in, say, Rome, and so on.

The officials of the Radiotjänst were, as is perhaps natural, unwilling to believe that any criticisms of their service were justified, or indeed that any serious criticism existed. But they asked in particular to be judged by their educational programme, and that the Radiotjänst be regarded as performing

a great "cultural task." As for music and the spoken word, this may or may not be true: there does not appear, anyhow, to be anything in these programmes which the British need be called upon to imitate. As for the strictly educational programme, no one who does not speak Swedish fluently can give a judgment. He can only report the reactions of those whom he interviewed. From Dr. Sven Hedin on the extreme Right to the editors of *Arbetaren* on the extreme Left, these reactions were uniformly mildly unfavourable to the programmes as a whole. No one was found to dislike the Radiotjänst vehemently, or to approve of it positively. Mostly the verdict was equivalent of "pretty poor stuff," or at the most "it might have been worse"; unanimity seemed only to be reached upon its relative unimportance. To this there was one marked exception: all those directly concerned in education (with one vehement dissentient, Mr. Allan Vought, M.P. for Malmö and editor of *Arbetet*) spoke well of the educational programme.

But on the balance, it does not appear that there is anything that Swedish radio has to teach the outside world.

APPENDICES

By CHARLES SMITH

I. LIQUOR CONTROL

THE beginning of effective liquor control in Sweden may be dated from the 'sixties of last century when the sale of spirits in the port of Göteborg was taken under municipal control. This "Göteborg system" spread in the decades following and a number of companies were set up under municipal control, each having a monopoly of the sale of intoxicants in its own area. The dividends payable were limited and any surplus had to go to public purposes—there was indeed the suspicion that some local authorities in their zeal stimulated the consumption of liquor for the profit it brought them. This method of organizing the trade exemplified two characteristics of the later licensing laws—a large degree of control by local authorities and an endeavour to take the profit out of drink. The system was not altogether satisfactory, and after the experience of a six weeks' Government ban on all intoxicants at the time of the general strike of 1909, there was a demand for permanent Prohibition. 1,884,000 people voted for it in a voluntary plebiscite; but the system which emerged in 1919, after years of inquiry by Royal Commission and independent action by local authorities, aimed not at the prevention of drinking but at the prevention of excess. This principle was associated with the name of Dr. Ivan Bratt, who as early as 1909 had urged a system based upon it.

The organization of the trade itself remains carefully controlled. Production is in the hands of a corporation enjoying a monopoly started by Dr. Bratt in the management of which the State through the Royal Board of Control, a body dating from before the war, exercises a predominant influence by its holdings of shares and by its voice in the nomination of the directors. Distribution is in the hands of smaller companies which operate on the basis of municipalities and which again are in some measure under public control. Throughout the system profits are limited and any surplus which remains goes into the State treasury. This provision together with the heavy taxation on drink ensure a considerable revenue for the State from this source. In 1934, for example, the value of total consumption of intoxicants was reckoned as 193 million kr., of which the State received two-thirds (130 million kr.).

The distributing companies, which are subject not only to the regulations which the Royal Board is empowered to make but also to additional regulations which the local authorities may see fit to impose (and the temper of local authorities is indicated by the fact that the great majority of the country districts are "dry"), control the selling of liquor whether in restaurants or for home consumption throughout their respective districts. The restaurant trade is carried on by these companies or their subsidiaries or under licence from them. In any case profits are limited and a licensing-hours system not differing in principle from that in this country is enforced. Home consumption is regulated by an elaborate rationing system. Anyone who wants to buy wine or spirits to drink at home must possess a ration card ("motbok") on which age, size of family and other particulars are recorded together with a note of any convictions for drunkenness. On the basis of this information the individual's allowance is calculated and he is not allowed to buy in excess of it. 1 litre—about 2 pints—a month appears to be the standard allowance for a man, a woman is allowed less. An individual may suffer reduction of allowance or may lose his ration card altogether for offences against the drink laws or for any offence under the influence of drink. Moreover, the distributing companies have the power to refuse anyone a card if they think it advisable—and do not hesitate to use this power.

There has been a decline in consumption of liquor per head of the population since the system came into existence—but as the avowed object of it is to prevent excess without hindering moderation such a decline is no conclusive proof of its success. More important is the fact that convictions for drunkenness per thousand of the population have been in the period 1921-35 about half what they were in 1911-13. To some extent this has been due to an increasing strictness in the application of the law, as is shown by the large number of convictions as compared, for example, with this country (in 1934 there were slightly more convictions in Sweden than in England and Wales). Official statistics also show a decline in the number of deaths due to drink. The Swedes themselves, however, are cautious about passing judgment on the system, and Bergvall—one of the foremost authorities—declares that "the time is hardly yet come for passing a decisive judgment on the efficiency of the system."

II. NATIONALIZED FOOTBALL POOLS

IN the autumn of 1934 the Government established a monopoly closely under State control for carrying on the football pools in Sweden. These—which are run on the basis of British results—had previously been carried on by a number of private companies, some of them operating from abroad and so taking money out of the country. The capital of the new company (A. B. Tipstjanst) was kept very low, and the dividend has been restricted to a maximum of 5 per cent. At the annual meeting of the company three directors for the year are chosen by the shareholders, and these work with another director, a chairman and a vice-chairman, who are nominees of the government.

The pools are popular in Sweden, and the turnover in the year ending in June 1937 amounted to over 26 million kr. The great majority of the entrants pay small sums—less than a krona. Half of the turnover must be paid back in prizes; but usually the prize-winners themselves have to pay back ten per cent. to the Exchequer as a tax. The profits of the concern are also handed over to the Government after the dividend has been deducted.

In 1936-7 the Government received over a million from the tax on prizes and more than five and a half million kr. as profits. Most of the profits are allocated for subsidies to various sports associations to encourage amateur sport throughout the country.

III. HOLIDAYS WITH PAY

ALTHOUGH it has had to refuse to enact a general forty-hour week on the grounds that it would place Sweden at a disadvantage in the world market, the Social Democratic Government has this year introduced a scheme of holidays with pay for all workers. Previously about three quarters of the workers covered by collective agreements had paid holidays, but only in a very few cases indeed did these amount to as much as the twelve days now accepted as the standard.

The Holidays with Pay law follows closely the lines of a report presented a few months ago by a committee appointed by the Social Board. The main provision is that every worker who has been employed by the same employer for at least six months shall have the right to one day's paid holiday during the summer for each month in which not less than eighteen days work has been done. Thus normally a worker will get a holiday of fifteen consecutive days between the months of May and September.

There are certain modifications of this principle in particular occupations—for example employers of agricultural labourers are not obliged to give all the days off consecutively. The difficulty of

piece-work has been met by enacting that piece-workers shall receive for holidays the average wage they have had in the past year. It is significant of the strength of the Trades Unions that the Government has in practice left the enforcement of the law to them. There is no provision for supervising the carrying out of the Act, and no penalty is prescribed for infringement. An employer who has failed to give a holiday, however, may find himself sued by his employees, acting of course through their Union.

According to calculations made by the Board of Trade, on the basis of 1936 figures, the cost of this scheme will be about 55 million kr. or slightly over 1 per cent. of the estimated value of production. Against this, Government spokesmen claim there must be set not only the obvious social advantages of the scheme but the fact that a decrease in industrial accidents can be expected and that therefore holidays with pay may be looked on in rather the same light as a measure of anticipating illness, likely to increase efficiency by improving health and well-being.

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